

2015/16 IDP REVIEW



GREATER
KOKSTAD
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

KZN433

SECTION a - CHAPTER 1: EXECUTIVE SUMMARY	4
3.7.1. WATER AND SANITATION	44
3.7.2. SOLID WASTE MANAGEMENT	48
3.7.2.1. SOLID WASTE	48
3.7.2.2. AREA COVERED BY WASTE COLLECTION	50
3.7.2.3. WASTE MANAGEMENT	50
3.7.2.4. WASTE COLLECTION AND TRANSPORTATION	50
3.7.3. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	51
3.7.4. TRANSFORMATION INFRASTRUCTURE	51
3.7.5. TAXI RANK	53
3.7.6. ENERGY	53
3.7.6.1. SPORT AND RECREATION FACILITIES	57
3.8.1. MAIN ECONOMIC CONTRIBUTORS	65
<i>The tourism sector has enormous potential in the Greater Kokstad Municipality area and the municipality has identified the need to improve and enhance the tourism sector. At the moment there is a growing interest in the Greater Kokstad Municipal area for its environmental, cultural and off road experiences. This is an important economic sector in the municipality and requires careful stewardship of the environment by the municipality and government agencies. The tourism assets base for the Greater Kokstad Municipality is shown on the following table.....</i>	
	75
3.9.4.1. Welfare	82
3.9.4.2. Poverty Alleviation	82
3.9.4.3. Marginalized Groups	82
3.9.4.4. Improved Community Involvement	82
3.9.4.6. Community Needs	83
3.10.1. CAPABILITY OF THE MUNICIPALITY TO EXECUTE CAPITAL PROJECTS	94
3.10.2. INDIGENT SUPPORT (INCLUDING FREE BASIC SERVICES)	94
3.10.3. MUNICIPAL CONSUMER DEBT POSITION	95
3.10.4. REVENUE ENHANCEMENT AND PROTECTION STRATEGIES	95
3.10.5 GRANTS & SUBSIDIES	96
3.10.6 MUNICIPAL INFRASTRUCTURE ASSETS & MAINTENANCE (O&M)	98
3.10.7 CURRENT & PLANNED BORROWINGS	99
3.10.9 SUPPLY CHAIN MANAGEMENT (SCM)	99
3.10.10 FINANCIAL VIABILITY & MANAGEMENT: SWOT ANALYSIS	99
3.11. ROLL OUT OF NATIONAL AND PROVINCIAL PROGRAMMES	100
5.1. INTRODUCTION	135
5.2. SPATIAL INTERPRETATION OF THE IDP	135
5.4. SPATIAL DEVELOPMENT FRAMEWORK	139
5.4.1.1. Overall objectives	139
5.4.1.2. Specific objectives relating to The Greater Kokstad LM	141
5.5. SPATIAL TOOLS AND CONCEPTS	141
5.5.7.1. Primary Nodes	149
5.5.7.2. Secondary Nodes	149
5.5.7.3. Future nodal development	150
5.6. SPATIAL PLANNING TOOLS	154
5.7. DEVELOPMENT SURFACES	157
5.8. RURAL DEVELOPMENT	161
5.9. SPATIAL INTERVENTIONS	165
5.10. IMPLEMENTATION FRAMEWORK	170
OPERATING REVENUE FRAMEWORK	193
Property Rates	197
Sale of Electricity and Impact of Tariff Increases	198
Waste Removal and Impact of Tariff Increases	199
Overall impact of tariff increases on households	199

OPERATING EXPENDITURE FRAMEWORK.....	200
<i>Priority given to repairs and maintenance.....</i>	202
<i>Free Basic Services: Basic Social Services Package.....</i>	205
ANNUAL BUDGET TABLES	207
OVERVIEW OF THE ANNUAL BUDGET PROCESS	220
<i>Budget Process Overview.....</i>	221
<i>IDP and Service Delivery and Budget Implementation Plan</i>	221
<i>Financial Modelling and Key Planning Drivers.....</i>	222
<i>Community Consultation</i>	222
OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	223
MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	228
THE CONCEPT OF POLITICAL OVERSIGHT OVER THE BUDGET PROCESS IS AN IMPORTANT ONE AND IT IS THE KEY TO ENSURING THAT STRATEGY INFORMS THE BUDGET.....	228
<i>GREATER KOKSTAD COMMUNITY NEEDS FOR 2015/16.....</i>	230
KEY PROJECT FOR THE NEXT 5 YEARS	230
<i>MEASURING OUR PROGRESS</i>	231
<i>Performance indicators and benchmarks.....</i>	232
<i>Free Basic Services: basic social services package for indigent households</i>	233
OVERVIEW OF BUDGET RELATED-POLICIES	233
<i>Review of credit control and debt collection procedures/policies</i>	233
<i>Asset Management, Infrastructure Investment and Funding Policy.....</i>	234
<i>Budget Policy.....</i>	234
<i>Vehement Policy.....</i>	234
<i>Cash Management and Investment Policy.....</i>	234
<i>Tariff Policies</i>	234
OVERVIEW OF BUDGET ASSUMPTIONS.....	235
<i>Headline inflation forecasts</i>	235
<i>Revision of rates, tariffs, and other charges</i>	235
<i>Eskom bulk tariff increases</i>	235
<i>Funding choices and management matters.....</i>	235
<i>The Municipal Budget and reporting Regulations.....</i>	236
<i>MFMA Circular No. 74 and 75.....</i>	236
<i>Collection rate for revenue services</i>	236
<i>Growth or decline in tax base of the municipality</i>	236
<i>Salary increases</i>	237
<i>Impact of national, provincial and local policies.....</i>	237
<i>Ability of the municipality to spend and deliver on the programmes.....</i>	237
OVERVIEW OF BUDGET FUNDING	237
<i>Medium-term outlook: operating revenue.....</i>	237
<i>Cash Flow Management</i>	238
<i>Cash Backed Reserves/Accumulated Surplus Reconciliation</i>	238
<i>Funding compliance measurement.....</i>	239
CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	242
CAPITAL EXPENDITURE DETAILS	244
LEGISLATION COMPLIANCE STATUS	1

SECTION a - CHAPTER 1: EXECUTIVE SUMMARY

1.1. WHO ARE WE

1.1.1. SPATIAL LOCATION WITHIN KZN



Figure 1 Showing Harry Gwala District Municipal location and Local Municipalities

As shown in the map above the Greater Kokstad Municipality forms part of the Harry Gwala District Municipal area (DC43), which lies on the south western tip of KwaZulu-Natal, bordered by Matatiele Local Municipality on the West, Lesotho and part of Eastern Cape on the South East.

1.1.2. OVERVIEW OF THE GREATER KOKSTAD MUNICIPALITY

The Greater Kokstad Municipal area of jurisdiction is approximately 2679, 8370 square kilometres in extent and it shares its borders with UMzimkhulu, KwaSani, Matatiele, Umziwabantu local municipalities. The Greater Kokstad Municipality functions as the district node and dominant commercial centre in the Harry Gwala District Municipal.

Urban areas in the Greater Kokstad Municipality comprise of Kokstad Town and Franklin. Land uses within these areas are typically urban mixed uses with acceptable levels of infrastructural and service development and a minimal provision of social facilities as well as services to support the resident populations. Industrial development is concentrated in Kokstad Town.

The Greater Kokstad Municipality is crossed by a number of important transportation routes, such as the N2 Development Corridor that links the area to the major economic hubs of Port Shepstone and Durban and in the KwaZulu-Natal Province and Umtata in the Eastern Cape Province. The town of Kokstad has a good location being on the N2 between the north east and Umtata in the South. Other regional access roads include the R56 to Cedarville and Matatiele in the west and the R617 to Franklin, Swartberg, Underberg and Pietermaritzburg to the north of the municipality.

The town of Kokstad is of great historical significance; in 1820 the town became the capital of the Griqualand Colony. Andries Waterboer was elected as the first Captain. Unhappy with this result, a large group of Griquas, under the leadership of Adam Kok III, moved away and first settled in Philippolis in the Free State. In the 1860s, encountering friction with the Dutch-Afrikaans pioneers (Voortrekkers) they departed from Philippolis and moved further east across the Drakensberg to the vicinity of the modern Kokstad. At that stage the area's previous population had been exterminated by the Zulu forces of King Shaka, so the land was quite empty, and called No Man's Land. Adam Kok named this area East Griqualand.

The Griquas settled on the steep mountain slopes, living in mud huts. They named this mountain *Mount Currie* after Sir Walter Currie who supported their efforts to settle here. In 1869 the Reverend William Dower was asked by the Griquas to establish a mission. He agreed on condition that they resettle in a more suitable place on the banks of the Umzimhlava River. The town was built at this location. Kokstad Town is also considered as the administrative centre of the Greater Kokstad Municipality.

1.1.3. KEY FEATURES OF THE MUNIICIPALITY

The strategic location of Greater Kokstad Municipality along the N2 Development Corridor links the area to the major economic nodes of Port Shepstone and Durban in the KwaZulu-Natal Province and Umtata in the Eastern Cape Province. Therefore Greater Kokstad has an advantage of strategically re-aligning the district into a competitive and attractive investment destination, and has the potential to become a major logistics hub player for the region.

The strategic positioning of GKM has the potential to be the area of choice for various investors and the “best place” to visit and settle in. This positioning is informed by the strategic location of GKM within the district and neighbouring municipalities. In addition, GKM enjoys a competitive advantage because of its relatively developed infrastructure. The existence of the railway line within the municipality gives it an added advantage because once rehabilitated it will ensure improved and efficient markets access.

The Greater Kokstad Municipality has developed itself into a growing regional service centre, which fulfils very important economic and social roles in the greater region. The hinterland that relies on Kokstad is vast reaching far into the Eastern Cape's territory which is characterized by dire poverty, unemployment, lack of services, poor infrastructure, and declining health and welfare as HIV/Aids torments the region.

GKM comprises various government sectors, all basic shopping facilities, financial services, doctors, churches, bed and breakfast and community facilities such as halls, recreational centres, and superb homes in a quite relaxed environment. It has a very strong agricultural foundation based on milk, meat and maize and this base forms a critical part of the local economy. It has rich abundance of unique and attractive natural, cultural resources and open space amenities that could be used to enhance and optimize the quality and experience of the town.

1.1.4. ECONOMIC PROFILE

In terms of Statistics, census 2011 the employed population from the economically active comprises of approximately 19 000 people. The remaining 7 000 are unemployed. Approximately 16 000 people of Greater Kokstad are not economically active.


The agricultural sector employed the highest number of people. A survey conducted by Global Insight in 2003 shows that agricultural sector employed 3 654 followed by households (1 320), trade (1 233), community services (1 233), finance (481), manufacturing (227), transport (95), construction (82) and electricity (26).

It is important to note that despite the higher employment in the household sector the quality of jobs and wages paid remain a challenge notwithstanding the Department of Labour's Wage Determination for Domestic and farm workers. However, its importance in providing many households with income cannot be undermined. To resuscitate the GKM economy in a manner that enables it to create more jobs will require higher levels of growth in particular in the Agriculture and Manufacturing sector. This is mainly because of the potential and competitive advantage that the GKM has. Other important job creating sectors include Trade, Construction and the Services Sector. It is within this basis that GKM and KZN provincial treasury have initiated a multi-million rand light industrial park within the Bhongweni area.

Formal sector employment in the GKM once again indicates the importance of the agricultural sector followed by the trade, households, finance. The low employment in the manufacturing sector indicates the decline in the importance of the sector as the job creator in the GKM economy.

1.2. LONG TERM VISION

The Municipality's Long Term Vision states:



“Together building a caring and economically, vibrant city with citizens living in a secure healthy and comfortable Environment”

Interesting to note this vision acknowledges the diverse community of the GKM, the role of the Kokstad Town, the core mandate of the GKM and a wide service threshold which includes the whole of Harry Gwala District Municipality and the northern parts of the Eastern Cape Province. It also acknowledges that the GKM is located in an environmentally sensitive area, and this provides the basis for tourism development.

Over the past year the Greater Kokstad Municipality has focused their operations, actions and interventions according to its nine development goals which were developed based on the provincial goals as outlined in the PGDS:

- ❖ To ensure human and utilization of natural resources are in harmony;
- ❖ To create safe, health and sustainable living environment;
- ❖ To ensure all employable people are employed;
- ❖ To develop more equitable society;
- ❖ To ensure that all people have access to basic services;
- ❖ To boost investors' confidence to invest in GKM;
- ❖ To create option for people on where and how they opt to live, work and play;
- ❖ To provide strong and decisive leadership;
- ❖ To foster social compact;

The Greater Kokstad Municipality has taken the decision to retain the above development goals for this IDP cycle of five years: given that their organizational functioning is well aligned to these goals. These goals are further broken down into 20 objectives that are highlighted in section C of the Document. The Goals and objectives are linked to the five national KPA's including the sixth provincial KPA (spatial planning and environmental). These guide the performance of the municipality and are cascaded down to the organisational scorecard which is attached. The objectives and strategies are implemented through the organisational scorecard and the service delivery and budget and implementation plan these are monitored on a monthly basis.

1.3. HOW THE ID WAS DEVELOPED

This IDP Review for the Greater Kokstad Municipality has been developed "in house". This decision was taken to ensure that ownership of the process and product remains within the municipality. The services of service providers were only required and used for specialized tasks, such as the reviewing of the municipal Spatial Development Framework.

The review of the Greater Kokstad Municipality was developed through a consultative, open and transparent process in which the broad public, stakeholders, officials and Councillors

provided inputs into gaps and changing circumstances within their area of jurisdiction. A draft Process Plan to guide the 2015/16 IDP Review was considered and submitted to the Greater Kokstad Municipal Council on the 29 August 2014. This process plan sets out comprehensively the process of review, including timeframes for achieving certain milestones. It detailed responsibilities, methodology, mechanism for community participation and mechanism for alignment with other stakeholders.

1.3.1. IDP KEY ISSUES:

The following highlights the National Keu Performance areas:

1.3.1.1. National Keu Performance Areas:

- Basic Service Delivery
- Local Economic Development (Social Development Are To Be Included Here As A Sub-Heading As
- Per Cogta Guidelines
- Municipal Transformation And Institutional Development
- Good Governance
- Financial Viability and Management Environment (As Per Cogta Guidelines)

1.3.1.2. Back-to-Basics Key Performance Areas / Principles:

The recent launch of the Back to Basic approach is designed to ensure that all municipalities perform their basic responsibilities and functions without compromise. The program is modelled around five pillars as follows:

- Putting people and their concerns first;
- Demonstrating Good Governance and Administration;
- Delivering Municipal Services;
- Sound Financial Management and Accounting; and
- Sound Institutional and Administrative Capabilities.

The Back-to-Basics will institutionalise a performance management system that will recognise and generate good performance, and ensure sufficient consequences and appropriate support for under performance.

The approach will integrate information on municipalities and ensure that the current challenges in the local government sphere, in the short and medium term specifically, are addressed

At the Back-to-Basics (B2B) meeting held in Pietermaritzburg on the 13 April 2015 the Performance Management Unit of COGTA requested all municipalities to include the B2B into the Integrated Development Plan (IDP) for the 2015/16 fiscal year as follows:

The IDP consists of the following steps:

- 1) Analysis
- 2) Strategies
- 3) Projects
- 4) Alignment
- 5) Adoption by Council

Analysis Phase:

- ✓ Analysis should be related to one of the main focus areas as per DCOG template with headings such as putting people first, service delivery, good governance sound financial management and building capable local government institutions
- ✓ This analysis should also be linked i.t.o of the 6 KPA areas as contained in the IDP, namely Basic Service Delivery, Good Governance, LED, Financial Management and Cross Cutting Areas

Strategy Phase:

- ✓ During this phase, all water related strategies should be presented including Free Basic Water and other water related initiatives
- ✓ At this stage, the key performance indicators e.g. number of indigents should be indicated into the IDP

Project Phase:

- ✓ During the project phase, all the relevant water projects should be listed with targets for completion
- ✓ These projects will be included considering the various questions asked in the B2B template, including stoppages, disconnections and reconnections, as well as first connections

Alignment Phase:

- ✓ During the Alignment phase, Municipality should check with other service providers what role they will play in water service delivery. e.g. Water and sanitation
- ✓ Service providers role and functions will i.t.o B2B be confirmed during COGTA and other alignment sessions on an ongoing basis and included into the IDP
- ✓ B2B interventions should also be spatially reflected as part of the Cross Cutting KPA

Adoption Phase:

- ✓ Upon adoption, Municipality must make sure that framework for Service Delivery Budget Implementation Plan (SDBIP) is in place reflecting B2B principles
- ✓ SDBIP indicators should include the B2B indicators and replace some of those that does not reflect directly to B2B so that water issue for example will get the attention as required
- ✓ Performance Agreements of officials should include B2B indicators linked to the SDBIP

1.4. LEGISLATIVE MANDATES

The legal mandates for developing and revising the IDP are found in the following Prescripts:

- ❖ Section 153 of the Constitution of The Republic of South Africa requires municipalities to manage their administration, budgeting and planning processes in such a way that they give priority to the basic needs of communities in order to promote the social and economic development of the communities.
- ❖ Section 84(1) (a) of the Local Government Municipal Structures Act details the function and powers upon municipalities to carry out Integrated Development Planning within their areas of jurisdiction.
- ❖ Section 25(1) of the Local Government Municipal Systems Act requires municipal councils to adopt a single inclusive strategic plan for the development of municipalities which:
 - ✓ *Links, integrates and coordinates plans*
 - ✓ *Aligns resources*
 - ✓ *Forms policy which informs the budget*
 - ✓ *Is compatible with national and provincial plans*
- ❖ Section 34 of the Municipal Systems Act requires municipalities to review and amend their IDP's on an annual basis in accordance with changing circumstances.

1.5. KEY MUNICIPAL REPORTS

1.5.1. ANNUAL REPORT

Every municipality and municipal entity must prepare an annual report for each financial year, in accordance with the Municipal Finance Management Act (MFMA). The purpose of the annual report is:

- To provide a record of the activities of the municipality or entity;
- To provide a report on performance in service delivery and budget implementation;
- and
- To promote accountability to the local community.

In the past, annual reports have often been used solely to promote the positive image of municipalities, with little focus on comparing actual with promised performance. The MFMA now requires the Municipality to report on all aspects of performance, providing a true, honest, and accurate account of the goals set by council and the success or otherwise in achieving these goals. The annual report is a key performance report to the community and other stakeholders, and, once approved by the council, must be placed on the municipal website, with copies sent to various authorities and made available to the wider community. The Greater Kokstad Municipality has prepared an Annual Report which complies with the MFMA requirements.

1.5.2. AUDITOR GENERAL'S REPORT

The Auditor General has expressed an unqualified opinion with emphasis of matters relating to:

- Restatement of corresponding figures.
- Material losses/impairment.
- Material under spending of the conditional grants and capital budget.
- Irregular expenditure.

The audit opinion from the previous financial year was an unqualified opinion with similar emphasis of matter items that were reported. Whilst there is no significant improvement on the above matters but there is an improvement of the liquidity ratio and financial sustainability and the existence of an uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

1.6. KEY CHALLENGES FACING THE MUNICIPALITY AND WHAT IS DONE TO ADDRESS THEM

The challenges facing the municipality are derived from the Status Quo and SWOT Analysis. The challenges are categorized per the 5 KPAs, as well as Cross Cutting Interventions (the 6 KPAs in KZN). The following table summarizes these key challenges and what the municipality is doing to address them.

Table 1: Key Challenges and Interventions Measures

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Municipal financial constraints 2. Electronic Performance Management System 3. To effectively manage municipal fleet 4. Short of office space and conducive work environment 5. To achieve efficiency and & performance 6. Job evaluation task analysis
INTERVENTIONS	<ol style="list-style-type: none"> 1. The municipality is putting in place mechanisms that will improve the municipal revenue streams 2. GKM is one of the 26 municipalities that under the Back-to-Basics Programme under the performance monitoring of COHTA and DCOG – which aims at redressing the wrongs and focuses on service delivery 3. Develop a fleet management plan that will endure effective management of fleet 4. Increase Institutional Capacity and promote transformation 5. Automation of Performance Management System 6. Conduct job evaluation tasks analysis
KPA 2: BASIC SERVICE DELIVERY	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Aging basic infrastructure (water, sanitation, electricity Roads) 2. Limited land availability and middle income Housing 3. Backlogs in basic services.

INTERVENTIONS	<ol style="list-style-type: none"> 1. Increase provision of Municipal Services 2. Improve Municipal Infrastructure by developing a credible Infrastructure Maintenance Plan 3. The municipality is conducting vigorous Back-to Basics (B2B) activities which focuses on basic services e.g. grass cutting, street cleaning, potholes repairs, Street Lights repairs etc. where officials, ward Cllrs and communities work together in a and progress is reported weekly to COGTA
KPA 3: LOCAL ECONOMIC DEVELOPMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. High Rate of unemployment, poverty and low economic growth 2. Underdeveloped manufacturing and agricultural sectors 3. Low levels of literacy and skills development
INTERVENTIONS	<ol style="list-style-type: none"> 1. Facilitate and stimulate growth and development of the local economy through opportunities for sustainable job creation, poverty reduction and improvement of business economic empowerment 2. Improve SMME & Coop skills 3. Support agricultural development 4. Alignment with department of agriculture
KPA 4: MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Financial stability 2. Low Revenue base / financial resources 3. Outstanding debt on rates and services owed to the municipality is high. 4. Compliance with MFMA systems
INTERVENTIONS	<ol style="list-style-type: none"> 1. Increase revenue 2. Improve expenditure and maximise the economies of scale 3. Improve budgeting, reporting and audit opinion 4. Reduce debtors book
KPA 5: GOOD GOVERNANCE & PUBLIC PARTICIPATION	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. All-inclusive IDP 2. Poor enforcement of by-laws and policies 3. Lack of awareness campaigns on anti-fraud and corruption 4. IGR structures not effective with relevant department and the district
INTERVENTIONS	<ol style="list-style-type: none"> 1. Strengthen governance and reduce risk 2. Promote public knowledge and awareness 3. Vigorous Implementation, monitoring and reporting of the B2B programme 4. Improve IGR structures with relevant department and the District
KPA 6: CROSS CUTTING	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Mushrooming of informal settlement 2. Disaster: Community is continuing affected by its impact and after-effects Public representative and councillors in particular need to be more accountable to communities.
INTERVENTIONS	<ol style="list-style-type: none"> 1. Improve municipal planning and spatial development 2. Improve disaster management and response to fire and emergencies

1.7. MUNICIPAL GOALS AND STRATEGIC OBJECTIVES

The municipal goal is to ensure that all community members within Greater Kokstad have access to basic services. This can be achieved by ensuring that the Key Performance Areas and the five (5) pillars of back-to-basics (B2B) are implemented. The following table highlights municipal priority objectives aligned to the KZN KPAs and pillars or principles of B2B.

Table 2: Municipal Goals and Objectives

NKPA 1 : MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	
B2B PILLAR: BUILDING INSTITUTIONAL AND ADMINISTRATIVE CAPABILITIES	
DESIRED OUTCOME	STRATEGIC OBJECTIVES
Developed and Capacitated Institution	To improve skills capacity for the municipality to render effective services
	Optimise system, procedures and processes
	Increase Performance and Performance Management System
	Disciplinary policies and processes in place
	Functional registry and records management system
	Municipal Rapid Response
	Mechanisms to ensure adherence to the Leave Policy and Management of staff leave
	Acknowledgement & response to correspondence
	Develop cleaning programme for municipal buildings
NKPA 2: BASIC SERVICE DELIVERY	
B2B PILLAR 2: DELIVERY OF BASIC SERVICES	
Community that has access to basic services such as electricity, accessible roads, refuse removal services, etc.	To ensure provision of basic services to communities in a sustainable manner
	Functional and responsive faults reporting centre – business hours
	Functional and responsive faults reporting centre – after hours
	To ensure proper management and maintenance of the existing infrastructure
	Improve provision of social development services
	Solid waste disposal (as opposed to refuse removal)

	Response to land invasion / removal of squatters
NKPA 3: LOCAL ECONOMIC DEVELOPMENT	
B2B PILLAR : LOCAL ECONOMIC DEVELOPEMNT	
Ensure all employable people are employed & To boost investor confidence within the GKM	Implementable LED strategies aligned to PGDS and DGDP
	LED Forum / partnerships established & functional
	Poverty Elimination programme in place
	Reduce unemployment
NKPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	
B2B PILLAR 4 : SOUND FINANCIAL MANEGEMENT	
A financial viable and sustainable municipality	A healthy financial position
	Regular financial recording and reconciliation activities performed
	Accurate, reliable and credible financial management and reporting
	Assurance provided by Internal Audit and Audit Committee
	Good financial governance and oversight
	Management of maladministration, fraud and corruption
4.5. NKPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	
B2B PILLAR : GOOD GOVERNANCE AND PUTTING PEOPLE FIRST	
A transparent and accountable municipality	To develop a strong institution to support consultative and participatory local government.
	Strengthen Intergovernmental relations
	Improve customer Services and Care
NKPA 6: CROSS CUTTING INTERVENTIONS	
Harmonious utilization of Human and natural resources & To foster social compacts	To manage pressures on biodiversity and disaster management plan
	To develop viable alternative energy generation options
	To promote spatial concentration and coordination of development interventions
	Integrate Land Management and Spatial Planning initiatives

SECTION B – CHAPTER 2: PLANNING AND DEVELOPMENT PRINCIPLES & GOVERNMENT POLICIES AND IMPERATIVES

2.1.INTRODUCTION

This section identifies key Planning and Development Principles that guide the IDP and planning decision-making in the Municipality. Also included in this section is a summary of the applicable government priorities and policies guiding organs of state and the Greater Kokstad Municipality.

B. - 2.2. PLANNING AND DEVELOPMENT PRINCIPLES

The following are the planning and development principles that the municipality consulted while developing this IDP.

2.2.1. NSDP PRINCIPLES

The NDP Principles stipulate the following:

- Development of infrastructure, through the massive expansion of transport, energy, water, communications capacity and housing, underpinned by a strong focus on domestic industry to supply the components for the build-programmes;
- The agricultural value chain, with a focus on expanding farm-output and employment and increasing the Agri-processing sector;
- The mining value chain, with a particular emphasis on mineral beneficiation as well as on increasing the rate of minerals extraction;
- The green economy, with programmes in green energy, component manufacture and services;
- Manufacturing sectors in IPAP2 and;
- Tourism and certain high-level services

2.2.2. CRDC PRINCIPLES

The CRDC Principles stipulate the following:

- Development should be within limited resources (financial, institutional and physical). Development must optimize the use of existing resources and infrastructure in a sustainable manner;
- Land development procedures must include provisions that accommodate access to secure tenure;
- Prime and unique agricultural land, the environment and other protected lands must be protected and land must be safely utilized;

2.2.3. BREAKING NEW GROUND – HUMAN SETTLEMENTS

The Breaking New Ground Human Settlement Principles stipulates:

- Low-income housing must be provided in close proximity to areas of opportunity

2.2.4. PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS)

- Environmentally responsible behaviour must be promoted through incentives and disincentives;
- The principle of self-sufficiency must be promoted. Development must be located in a way that reduces the need to travel, especially by car and enables people as far as possible to meet their need locally. Furthermore, the principle is underpinned by an assessment of each areas unique competencies towards its own self-reliance and need to consider the environment, human skills, infrastructure and capital available to a specific area and how it could contribute to increase its self-sufficiency;
- Planning and subsequent development must strive to provide the highest level of accessibility to resources, services and opportunities;

The following table demonstrates how Greater Kokstad Municipality is applying the Planning and Development Principles in its area of jurisdiction.

Table 3: Planning and Development Principles

	PLANNING & DEVELOPMENT PRINCIPLES	APPLICATION OF PRINCIPLES
NDP SPLUMA	Development / investment must only happen in locations that are sustainable	Adopted SPLUMA By-Laws SDF review done with SPLUMA Guidelines
CRDP	<ul style="list-style-type: none"> • Development should be within limited resources • (financial, institutional and physical) • Development must optimize the use of existing resources and infrastructure in a sustainable manner • Stimulate and reinforce cross boundary linkages 	The SDF identifies areas with potential for development
NDP	Basic services (water, sanitation, access and energy) must be provided to all households	The SDF investigates issues of water resources in the municipality
	Development / investment should be focused on localities of economic growth and/or economic potential	<ul style="list-style-type: none"> • LED Strategy - The Business Support Unit promotes access of all local enterprise to internal and external business support resources. • The Informal Traders Development Plan, • Agriculture Development Plan and Tourism Plan all are within the NSDP
NDP	In localities with low demonstrated economic potential, development / investment must concentrate primarily on human capital development by providing education and training, social transfers such as grants and poverty-relief programmes	The SDF highlights areas of poverty and directs investment at key nodes in order to improve Quality of life through service delivery. It also directs spending at improving human capital through access to health, education and social welfare
CRDP	Land development procedures must include provisions that accommodate access to secure tenure	LUMS
	Prime and unique agricultural land, the	The SDF identifies environmentally

	environment and other protected lands must be protected and land must be safely utilised	sensitive areas for preservation and conservation
	Engagement with stakeholder representatives on policy, planning and implementation at national, sectoral and local levels is central to achieving coherent and effective planning and development	LED Strategy: integrative approach that includes all local role players as well as all internal structure
Housing Policy-Breaking New Ground	If there is a need for low-income housing, it must be provided in close proximity to areas of opportunity	Housing Sector Plan to be reviewed in the 2015-2016 Financial Year Shayamoya Phase 3 (700) Housing Project and Community Residential Units 300 (CRU) are at Planning Stage
KZN PGDS National Strategy on Sustainable Development	Environmentally responsible behaviour must be promoted through incentives	The SDF identifies environmentally sensitive areas for preservation and conservation
KZN PGDS	<ul style="list-style-type: none"> • The principle of self-sufficiency must be promoted • Development must be located in a way that reduces The need to travel, especially by car and enables people as far as possible to meet their need locally. Furthermore, the principle is underpinned by an assessment of each areas unique competencies towards its own self-reliance and need to consider the environment, human skills, infrastructure and capital available to a specific area and how it could contribute to increase its self-sufficiency contribute to increase its self-sufficiency <p>Planning and subsequent development must strive to provide the highest level of accessibility to resources, services and opportunities</p>	Greater Kokstad Local Municipality LED Strategy

2.3. GOVERNMENT POLICIES AND IMPERATIVES

2.3.1 THE MUNICIPAL SYSTEMS ACT (32 of 2000)

The Municipal Systems Act (MSA) is the key piece of legislation guiding the preparation of IDPs. Section 26 of the act compels all municipalities to prepare IDPs as their primary and overriding management tool. Section 26 also lists key components that an IDP must reflect which are summarised as follows:

- The Council's Vision for the long-term development of the Municipality;
- An assessment of the existing level of development within the Municipality, including the identification of communities without access to basic municipal services;
- Council's development priorities and objectives, inclusive of its local economic development aims as well as the internal transformation needs;
- Council's development strategies, which must be aligned with any national or provincial plans and planning requirements binding on the Municipality in terms of legislation;
- A municipal Spatial Development Framework (SDF), which must include the provision of basic guidelines for the Land Use Management System (LUMS) of the Municipality; and
- Key Performance Indicators and targets determined through an organisational performance system, based on the priorities identified in the IDP.

2.3.2. THE MILLENNIUM DEVELOPMENT GOALS

At the United Nations Millennium Summit in 2000, the international community reached consensus on working to achieve eight critical and social development priorities by 2015. These are summarised below:

- GOAL 1: Eradicate extreme poverty and hunger;
- GOAL 2: Achieve universal primary education;
- GOAL 3: Promote gender equality and empower women;
- GOAL 4: Reduce child mortality;
- GOAL 5: Improve maternal health;
- GOAL 6: Combat HIV/Aids, Malaria and other diseases;
- GOAL 7: Ensure environmental sustainability; and
- GOAL 8: Develop a global partnership for development.

The Government of South Africa produced its first national report on progress towards achieving the MDGs in 2005. The report concluded that for a number of goals, targets, and associated indicators, considerable progress towards achieving these goals had been made. This applied primarily to economic growth, poverty reduction, gender equality, primary education, and maternal health. Problem areas identified included HIV/Aids and the high levels of unemployment and inequality.

Although the end date of the programme is quickly approaching, the MDGs are still important targets to aspire towards, through both the development and review of the IDP and SDF. Strategies and projects in this IDP talk to these goals.

Although the end date of the programme is quickly approaching, the MDGs are still important targets to aspire towards, through both the development and review of the IDP and SDF. Strategies and projects in this IDP talk to these goals.

2.3.3. THE NATIONAL DEVELOPMENT PLAN (VISION 2030)

The National Development Plan (NDP) was prepared by the National Planning Commission (NPC), a structure that was appointed by President Jacob Zuma in May 2010. The NDP aims to eliminate poverty and reduce inequality by 2030. It indicates that South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. In the NPC's Diagnostic Report (2011), the NPC identified 9 primary challenges facing the country (which are also prevalent in the Greater Kokstad Municipality), namely:

- Too few people work;
- The quality of school education for black people is poor;
- Infrastructure is poorly located, inadequate, and under-maintained;
- Spatial divides hobble inclusive development;
- The economy is unsustainably resource intensive;
- The public health system cannot meet demand or sustain quality;
- Public services are uneven and often of poor quality;
- Corruption levels are high; and
- South Africa remains a divided society.

In addressing these concerns, the NDP sets out six interlinked priorities, namely:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy, and accountability;
- Bringing about faster economic growth, higher investment, and greater labour absorption;
- Focussing on key capabilities of people and the state;
- Building a capable and developmental state; and
- Encouraging strong leadership throughout society to work together to solve problems.

The NDP is a plan for all South Africans, which provides a framework to guide key choices and actions of both civil society and the state. Amongst other things, the NDP depends on municipal IDPs to unpack and operationalize these priorities, something which this IDP strives to do through its objectives and strategies.

2.3.4. THE PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) / KZN GDS

The Provincial Growth and Development Strategy (PGDS) is a vehicle to address the legacies of the apartheid space economy, to promote sustainable development and to ensure poverty eradication and employment creation.

The PGDS offers a tool through which national government can direct and articulate its strategy and similarly for local government to reflect the necessary human, financial and fiscal support it needs to achieve these outcomes. It facilitates proper coordination between

different spheres of government and aims to prevent provincial departments from acting out of concert with local municipalities. It enables intergovernmental alignment and guides activities of various role players and agencies (provincial sector departments, parastatals, district and municipalities). The PGDS will enhance service delivery.

It is a framework for public and private sector investment, indicating areas of opportunities and development priorities. It addresses key issues of implementation blockages whilst providing strategic direction.

The PGDS on the one hand involves preparing policies, strategies and guidelines and on the other hand it involves preparing mechanisms to align and facilitate the implementation, monitoring and evaluation of key growth and development priorities.

2.3.5. NATIONAL PRIORITIES (STATE OF THE NATION ADDRESS 2015)

The State of the Nation Address (SONA), acknowledged that ambitions to achieve the growth target of 5% by 2019 are at risk owing to “slow global growth as well as domestic constraints in energy, skills, transport and logistics amongst others.”

Measures aimed at stimulating and accelerating economic and job growth were distilled into the following nine point economic plan:

1. Resolving the energy challenge.
2. Revitalising agriculture and the agro-processing value chain.
3. Advancing beneficiation or adding value to our mineral wealth.
4. More effective implementation of a higher impact Industrial Policy Action Plan.
5. Encouraging private sector investment.
6. Moderating workplace conflict.
7. Unlocking the potential of SMMEs, cooperatives, township and rural enterprises.
8. State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure as well as,
9. Operation Phakisa aimed growing the ocean economy and other sectors.

Various challenges are restraining the pace of infrastructure investment and more broadly the implementation of the NDP, ranging from capacity constraints, co-ordination across departments and enforcement. Certain policy actions, such as the implementation of the Medium Term Strategic Framework, provide for the monitoring of the implementation of the NDP and in particular, the implementation of the infrastructure programme. The Operation Phakisa initiative, designed to fast track the implementation of solutions on critical development issues, has been applied to the ocean economy and health. The government now intends on implementing Operation Phakisa in the mining sector, with the view of mineral beneficiation.

Back to Basics Programme was launched to promote good governance and effective administration through cutting wastage, spending public funds prudently, hiring competent staff, and ensure transparency and accountability and in municipalities.

2.3.6. PROVINCIAL PRIORITIES (STATE OF THE PROVINCE ADDRESS 2015)

The Premier of KwaZulu-Natal Mr Senzo Mchunu continued to strike the right balance during the State of the Province Address. Under the theme ***"Consolidating the progress we have made, and stepping up the pace to achieve radical socio-economic transformation to end poverty in our lifetime"*** The province will ensure that it creates a sustainable economy that will result in decent jobs, food security that will eradicate poverty and also focus on increasing value-addition, skills and technological content to drive the economic transformation. That will be realized by making sure that the Province will make sure that it strengthens the relationship between the province and private sector with necessary steps already underway. The province is also doing all the efforts to resolve energy crises as that can contribute to the growth of the provincial economy.

2.3.7. B.3. - GOVERNMENT POLICIES AND IMPERATIVES AND HOW THE MUNICIPALITY APPLIES / ADDRESSES THEM

The following table demonstrates the Government Policies and Imperatives and how Greater Kokstad Municipality applies / addresses them

Table 4: Government Policies and how the Municipality is applying / addressing them

GOVERNMENT POLICY	APPLICATION BY MUNICIPALITY
Millennium Goals	The municipality has initiated the food for waste,
12 National Outcomes (outcome 9)	<ul style="list-style-type: none">• Municipality adopted the IDP planning processes and that has been the guiding tool throughout the review process;• Greater Kokstad has implemented a number of community work programmes including amongst others war rooms in all 8 wards, Youth, HIV/AIDS programme, etc.;• Greater Kokstad ensures that Ward Committees are representative and are fully involved in community consultation processes around the IDP, budget and other strategic service delivery issues;• Greater Kokstad ensures that the issues raised by the Auditor General are addressed accordingly and strives to ensure that it receives clean audit
KZN Priorities	Greater Kokstad ensures that all the 6 KZN Priorities and the 5 Back-to-Basics principles / key focus areas are considered in each development. This means that, all projects That are implemented are within the 6 provincial priorities and 5 B2B principles and this is evident with the project lists provided in the IDP.
State of the Province Address	Infrastructure, agriculture, and social projects that are in the process of implementation or are already under implementation are all in one way or the other addressing the challenges or goals of the States of the Province Address
KZN GDS	Infrastructure, agriculture, and social projects that are in the process of implementation or are already under implementation are all in one way or the other addressing the challenges or goals of the states of the Provincial Growth & Development Strategy

SECTION C – CHAPTER 3: SITUATIONAL ANALYSIS

3.1. SUMMARY OF PREVIOUS (2014) MEC COMMENTS

The following table highlights extracts from the MEC Letter and how the municipality addressed them.

Table 5: MEC Comments 2014/15 and the municipality response

KPA	MATTERS OF EMPHASIS	HOW THE MATTER WILL BE ADDRESSES
Municipal transformation and institutional development	<ul style="list-style-type: none"> - That all critical position be occupied - Dedicated environmental management personnel – to indicate steps or plan to ensure that that the GKM enquires this personnel - ICT governance and strategy must be in place in the 2015/16 IDP review – to strengthen internal controls - Budget requirements for the implementation of the SPLUMA 	<ul style="list-style-type: none"> - The Municipality s currently in the process of revising the current organogram due to high staff turnover and will prioritise all the critical posts by July 2015 -
Local Economic Development	<ul style="list-style-type: none"> - 2015/16 IDP review LED Strategy to be supplemented with a detailed LED Strategy - The strategy to also deal with the alarming rate of unemployment 	The municipality has a fully-fledged revised LED Strategy that is addressing the alarming unemployment rate and is attached to this report as an annexure
Basic Service Delivery	<ul style="list-style-type: none"> - To have a mass landfill waste recycling program in place and supplemented to the IDP for the 2015/16 IDP review - GKM to finalise the Electrification Master Plan as a matter of urgency - GKM' Housing Sector Plan to be reviewed as the current one was reviewed in 2007 	<ul style="list-style-type: none"> - To have a mass landfill waste recycling program in place and supplemented to the IDP for the 2015/16 IDP review - GKM to finalise the Electrification Master Plan as a matter of urgency - GKM' Housing Sector Plan to be reviewed as the current one was reviewed in 2007
Municipal financial viability and municipal management	<ul style="list-style-type: none"> - Maintenance plan to preserve infrastructure assets - To revise the procedure of determining the debt impairment - Revenue enhancement strategy should be enhanced and addressed accordingly - GKM to adopt the simplified Enhancement Strategy developed by CoGTA and implement it immediately in order to pave a way for a sustainable revenue protection plan. 	<ul style="list-style-type: none"> - Maintenance plan to preserve infrastructure assets - To revise the procedure of determining the debt impairment - Revenue enhancement strategy should be enhanced and addressed accordingly - GKM to adopt the simplified Enhancement Strategy developed by CoGTA and implement it immediately in order to pave a way for a sustainable revenue protection plan.

Good Governance And Public Participation	<ul style="list-style-type: none"> - To report in more detail on the functionalities and status of the of the Port Folio Committees in the 2015/16 IDP 	To report in more detail on the functionalities and status of the of the Port Folio Committees in the 2015/16 ID
New KPA to be included in the 2015/16 IDP called – KPA 6 Cross Cutting Interventions	<ul style="list-style-type: none"> - To address the lack of clear action plans and an SDF Vision and must be aligned to the IDP Vision - SDF to include the Capital Investment Framework - That a Strategic Environmental Assessment (SEA) be undertaken for GKM which should provide a strategic environmental assessment of the SDF and its impact thereof. - That Strategic Integrated Projects (SIP) of 2013 be carefully considered in the next SDF review - To develop an agriculture sector plan - Integrated Waste Management Plan to be completed and adopted by Council - GKM to designate a Waste Management Officer as it is a legislated requirement 	<ul style="list-style-type: none"> - To address the lack of clear action plans and an SDF Vision and must be aligned to the IDP Vision - SDF to include the Capital Investment Framework - That a Strategic Environmental Assessment (SEA) be undertaken for GKM which should provide a strategic environmental assessment of the SDF and its impact thereof. - That Strategic Integrated Projects (SIP) of 2013 be carefully considered in the next SDF review - To develop an agriculture sector plan
Strategic Thrust of the 6 KPAs	<ul style="list-style-type: none"> - That the municipality needs to take note of the correct name which is the <u>Cross Cutting Interventions</u> and capture all the: <ul style="list-style-type: none"> • Spatial Planning; • Environmental, and • Disaster Management Issues under this KPA - That the municipality is encouraged to capture the 6th KPA name correctly to avoid confusion when reporting 	This will be addressed in the 2015/16 SDBIP and in the reviewed 2015/16 IDP

C.1. - 3.2. CROSS CUTTING INTERVENTIONS ANALYSIS

3.2.1. SPATIAL REALITIES

Greater Kokstad Municipality has three urban nodes Kokstad Town, Swartberg and Franklin. Kokstad Town is the major economic centre due to its strategic location in terms of transport network, economic and administrative activities. The National Route (N2) links the area to the major economic nodes such as Port Shepstone and Durban in the KwaZulu-Natal Province and Mthatha in the Eastern Cape Province. The R56 links Kokstad to Ixopo and Pietermaritzburg. The strategic location of Kokstad creates opportunities for economic growth. Emanating from the spatial location of the area is high population growth rate due to high migration of people from the Eastern Cape and Lesotho into the area in search for employment opportunities. The municipality is therefore faced with a challenge of planning,

providing basic services, housing and creating employment opportunities for its growing communities.

There are also land reform projects in rural areas like Pakkies I and 2 and Kraansdraai. Apart from the built environment, there are also agriculture, indigenous forests and areas of biodiversity. The municipality acknowledges the relationship between the built and the natural environment and has adopted an integrated approach to development and protection of the natural environment.

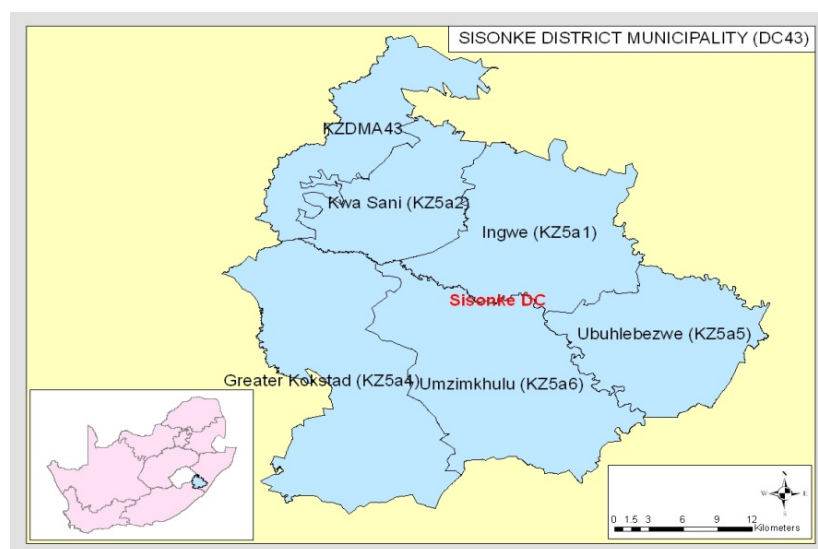
One major spatial challenge facing the municipality is illegal occupation of land for housing purposes. The municipality has no systems in place to deal with the situation. However, the implementation of Land Use Management System and the preparation of by-laws (to be prepared after the Land Use Scheme has been completed) will enable the municipality to control land use and apply to court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.

The following spatial characteristics, issues and challenges impact on the future development of the Greater Kokstad Municipality and need to be taken forward in the IDP Process:

- Illegal occupation of land for informal housing purposes.
- Mushrooming of informal settlements on flood line and protected wetland areas.
- Kokstad town is presently not presenting a very good image for Greater Kokstad Municipality, due to the character of key infrastructure.
- There is minimal integration of environmental, land use and transport management system.
- A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.
- There has been a substantial increase in the number of illegal small business operators that are conducting business from home without permission. This has given rise to traffic and safety problems as these areas were not designed for such purposes.
- Infrastructure like roads, electricity, and telephones, the main services are in the urban areas.

3.2.2. REGIONAL CONTEXT

Figure 2: Greater Kokstad at Regional Context



Map 2: District Municipal location and Local Municipalities

As shown in the map above the Greater Kokstad Municipality forms part of the Harry Gwala District Municipal area (DC43), which lies on the south west tip of KwaZulu-Natal, bordered by Matatiele Local Municipality on the West, Lesotho and part of Eastern Cape on the South East.

The Greater Kokstad Municipal area of jurisdiction is approximately 2679, 8370 square kilometres in extent and it shares its borders with Umzimkhulu, KwaSani, Matatiele, Umziwabantu local municipalities. The Greater Kokstad Municipality functions as the district node and dominant commercial centre in the Harry Gwala District.

Urban areas in the Greater Kokstad Municipality comprise of Kokstad Town, Franklin and Swartberg. Land uses within these areas are typically urban mixed uses with acceptable levels of infrastructural and service development and a minimal provision of social facilities as well as services to support the resident populations. Industrial development is concentrated in Kokstad Town.

The Greater Kokstad Municipality is crossed by a number of important transportation routes, such as the N2 Development Corridor that links the area to the major economic hubs of Port Shepstone and Durban and in the KwaZulu-Natal Province and Umtata in the Eastern Cape Province. The town of Kokstad has a good location being on the N2 between the north east and Umtata in the South. Other regional access roads include the R56 to Cedarville and Matatiele in the west and the R617 to Franklin, Swartberg, Underberg and Pietermaritzburg to the north of the municipality.

The Greater Kokstad Municipality is reliant on the Agricultural Sector for its economic well-being. This sector contributes considerable of the gross geographic product of the area and employs the majority of the workforce. The population distribution in the municipal area is characterized by relatively high densities within urban nodes, and low densities in agricultural areas as a result of farms under white ownership. Presently Kokstad Town comprises of various government sectors, all basic shopping facilities, financial facilities, doctors, churches, bed and breakfast and community facilities such as halls, recreational centres, and superb homes in a quite relaxed environment.

3.3. ENVIRONMENTAL REALITIES

3.3.1. GEOLOGY AND SOILS

Greater Kokstad is underlain in the most part by mudstone; small portions of the municipality are underlined by dolerite. The extreme southern areas are underlined by shale while the extreme northern areas are underlined by basalt. The soils in the municipality are highly variable ranging from deep, highly leached, strongly acid soils to shallow badly drained soils. Where soils are shallow fertility is low but they have good physical properties.

3.3.2. TOPOGRAPHY

The topography of the area is gently to moderately rolling over large areas but with some mountains terrain.

3.3.3. CLIMATE

Rainfall in the area varies between 620mm to 1265mm annually. It is a summer rainfall area with annual average temperature of 14.2°C. Severe frosts are common in winter and occasional snowfalls occur in the areas of higher altitude.

3.3.4. HYDROLOGY

The municipal area is characterized by existing wetlands, rivers and streams traversing throughout the municipal area. Surrounding the wetlands are areas of scenic beauty with a potential for tourism related activities. These wetlands are of particular importance as they play an integral role in water recycling. A majority of the municipality falls within the Mzimvubu catchments. Rivers in the municipality include the Mzimvubu, Riet, Krom, Pampeonspruit, Dotela, Mzintlanga, Mill Stream, Manzinyama, Droewig and Mzintlava Rivers.

3.3.5. ENVIRONMENTAL MANAGEMENT AREAS

The municipality is endowed with various products of archaeological importance e.g. the old buildings, various sites with historical markings, paintings. The Provincial Planning and Development Commission designated a portion of the municipality as part of the Drakensberg Special Case Area Plan. The designation plan is reflected in the Spatial Development Framework and the municipality respects the designation and associated proposed development controls in order to protect the natural and tourism values of the Drakensberg Mountains, recently listed as a World Heritage Site (WHS) for their natural and cultural values. The WHS listing opens up enormous tourism opportunities to the municipality. The municipality includes buffer, conservation and agriculture zones of the SCAP.

Important river systems in the Greater Kokstad Municipality are Mzimvubu, Riet, Krom, Pampeonspruit, Dotela, Mzintlanga, Mill Stream, Manzinyama, Doewig and Mzintlava. These rivers not only contribute to the scenic beauty of the municipality, but also important resources for the survival of the most of the communities in the area. The rugged mountainous terrain and the contrasting grass land of the Greater Kokstad Municipality provide a scenic quality to it. The area has a natural resource base that has been exploited by development except that the residential areas that utilize the natural resources for their daily survival. These resources could however, if well managed contribute to the economic development of the municipality. The development of the special management area and its boarder should be managed, as these areas are environmental sensitive, and contribute to the natural scenic beauty of the municipality. Opportunities exists however, for the establishment of community conservation and private game farm options within these conservation designated areas, as well as for the development of community run lodges and accommodation facilities.

3.3.6. ENVIRONMENTAL MANAGEMENT AREAS

Solid waste is mainly generated by the residents and other entities in Kokstad and Franklin. In South Africa, solid waste is increasingly being seen as a valuable resource rather than garbage. Making a significant and long-term impact in the towns' solid waste streams means more than simply recycling. It will require a transition in waste management philosophy, from 'cradle-to-grave' towards 'cradle-to-cradle'.

3.3.7. ENVIRONMENTAL REALITIES

Zero Waste (ZW) is a term used to describe sustainable waste management; it requires preventative methods rather than managing waste. The idea is that discarded resources equate to jobs instead of trash to emulate nature's vibrant flow of energy. Five basic principles of ZW are;

- **Redesigning products and packaging:** planning in advance to minimize waste production and harmful materials (Clean Design and Clean Production); also known as 'recycling'.
- **Producer responsibility:** placing the primary burden of responsibility on

manufacturers for the impact that materials they produce have on people and the environment including materials that end up as waste because they cannot be used otherwise readily recycled or composted.

- **Infrastructural investment:** instead of investing in landfills and incinerators, investing in new resource recovery facilities and other sustainable infrastructure.
- **Monetary efficiency:** Manufacturers use natural resources as raw materials because tax subsidies and policies make the use of such resources cheaper and easier than finding alternatives or using recycled resources. Changing this to a system which enforces real costs for the use of virgin resources would make recycled and recyclable materials a financially logical choice for manufacturers.
- **Job creation:** There are many more potential 'job creation' and business opportunities in the zero waste concept than in the traditional land filling and incineration model. Research suggests that sorting and processing recyclables sustains 10 times more jobs than the land filling and incineration of waste streams.

The community services department vigorously implements the Back-to-Basics activity programme on weekly basis like grass cutting refuse removal, street cleaning etc.

3.4. DISASTER MANAGEMENT

3.4.1. MUNICIPAL INSTITUTIONAL CAPACITY RISK

Disaster Management is regarded as a key issue due to the fact that the municipality is prone to fires and floods. The Greater Kokstad Municipality has a Disaster Management Plan which was prepared in terms of Section 42 of the Disaster Management Act 2002. The objectives of the Disaster Management Plan are to:

Establish effective and efficient institutional arrangements based on joint cooperation and collateral support which will give effect to the principles of cooperative governance and wide stakeholder participation.

- Facilitate Council's cooperation with National and Provincial Spheres including Harry Gwala District municipality.
- Provide an initial macro qualitative assessment for the Municipality as a whole which will, as a point of departure, produce a profile by which the extent and nature of disaster risk in the area can be determined. The assessment will be conducted by accessing indigenous knowledge, studying weather patterns and the history of past events to identify potential hazards and evaluate existing conditions of vulnerability

that pose a potential threat to people, property, livelihoods and the environment in the area.

- Direct the initial prioritization of disaster risk reduction measures for integration into Council's IDP which are aimed at reducing existing conditions of vulnerability in disaster prone areas in the municipal area.
- Provide the framework for commissioning a scientifically conducted risk assessment to identify areas and communities at risk (CARs) and to inform the development of a comprehensive disaster risk reduction strategy based on the outcomes of the assessment.

4.4.2. REDUCTION AND PREVENTION

There are eight key planning points or requirements that must be applied when planning for disaster risk reduction initiatives. These must form part of the annual reporting of the municipalities and municipal organs of state to the DMC.

1. Use disaster risk assessment findings to focus planning efforts.
2. Establish an informed multidisciplinary team with capacity to address the disaster risk and identify a primary entity to facilitate the initiative.
3. Actively involve the communities or groups at risk.
4. Address the multiple vulnerabilities wherever possible
5. Plan for changing risk conditions and uncertainty, including effects of climate variability.
6. Apply the precautionary principle to avoid inadvertently increasing disaster risk.
7. Avoid unintended consequences that undermine risk avoidance behaviour and ownership of disaster risk.
8. Establish clear goals and targets for disaster risk reduction initiatives, and link monitoring and evaluation criteria to initial disaster risk assessment findings

4.4.3. DISASTER RISK REDUCTION ACTIVITIES

A number of risk reduction measures can be identified related to the highest rated identified risks. These measures should be decided upon in consultation with the relevant responsible departments. Some of the possible measures are listed below:

4.4.4. RISK ASSESSMENT

Due to the focus of the Disaster Management Plan on risk reduction, it is important to include a prioritized risk rating in the Disaster Management Plan. This risk rating will be used to guide future risk reduction initiatives in the municipality. Previous risk assessments and risk prioritization exercises have been completed in the district .It is important to consider the results of previous assessments in order to identify possible changes in the risk profile of the municipality, and to address these changes through adequate planning initiatives. Results from previous as well as more recent assessments are discussed below:

Table 6: Risk Prioritisation Table for the Greater Kokstad Municipality.

Hazards	Exposure	Severity	Probability	Total Risk	Actions Needed
Snow	Continuous (3 / 3)	Extreme (3 / 3)	Likely (3 / 3)	Destructive (27 / 27)	Risk Reduction Interventions and Preparedness Planning
Water Pollution - Informal Settlements	Continuous (3 / 3)	Extreme (3 / 3)	Likely (3 / 3)	Destructive (27 / 27)	Urgent Risk Reduction Interventions
Human Diseases - HIV/AIDS	Continuous (3 / 3)	Extreme (3 / 3)	Likely (3 / 3)	Destructive (27 / 27)	Risk Reduction Interventions and Preparedness Planning
Alien Vegetation	Continuous (3 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Destructive (18 / 27)	Urgent Risk Reduction Interventions
Fires	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Preparedness Planning
Drought	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Preparedness Planning
Conservation areas	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Risk Reduction Interventions and Preparedness Planning
Tuberculosis	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Risk Reduction Interventions and Preparedness Planning
Civil Unrest	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Risk Reduction Interventions and Preparedness Planning
Animal Diseases	Occasional (2 / 3)	Moderate (2 / 3)	Likely (3 / 3)	Tolerable (12 / 27)	Risk Reduction Interventions and Preparedness Planning

4.4.5. TRAINING AND AWARENESS

The Greater Kokstad Disaster Management, along with Local Municipal, District, Provincial and Municipal organs of state and municipalities will also formulate and implement appropriate disaster risk management public awareness programmes that are aligned with the national disaster risk management public awareness strategy and will play an active part in engaging schools to ensure a practical approach to education and awareness programmes.

School disaster risk management awareness programmes in The Greater Kokstad Municipality will be conducted, assessed and adapted on an annual basis. Community resilience-building is crucial and a first capacity-building priority is the consultative development of a uniform approach to community-based risk assessment for municipalities and non-governmental and community-based organisations throughout The Greater Kokstad Municipality. This will contribute considerably to closer links between disaster risk reduction and development planning in disaster-prone areas and communities.

4.4.6. DISASTER MANAGEMENT PLAN

The Greater Kokstad Municipality prepared this Level 1 Disaster Risk Management Plan, in which the scope, objectives, management issues and other elements pertaining to disaster management are outlined. This Plan aims to achieve the following objectives:

- Prevention and reduction of disaster risks;

- Mitigation of impacts; preparedness for effective response to disasters;
- Minimize loss and property damage; and quick recovery from the impacts.

The Plan articulates actions to prevent and mitigate disasters and how risk reduction measures are dealt with in the long-term and managing emergencies in the shorter term, including aspects of preparedness, response and recovery. Provision is also made for the periodic reviews and updates of the plans.

This Plan establishes the arrangements for disaster risk management within The Greater Kokstad Municipality and has been prepared in accordance with the requirements of the Disaster Management Act, 57 of 2002 (the Act).

This Plan should be read in conjunction with The Sisonke District Disaster Management Framework and Plan, as well as Provincial and National legislation, policy and guidelines.

This living document is a collation of information and inputs received from the different stakeholders and need to be constantly reviewed and updated.

4.4.7. DISASTER MANAGEMENT SWOT ANALYSIS

Table 7: SWOT Analysis

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> ▪ Early fire risk predictions. Early warning of high fire risk places & times, based on weather and vegetation/field condition ▪ Epidemic statistic tracking and warnings. Early warning of possible epidemics in specific areas ▪ Flood hazard assessments for selected watercourses. Hazard assessment studies, reports and associated maps ▪ Flood hazard assessments for selected watercourses. Hazard assessment studies, reports and associated maps ▪ Priority risks of municipal significance have been identified, assessed and documented ▪ Mechanisms for the rapid and effective classification of a disaster and the declaration of a state of disaster have been established. 	<ul style="list-style-type: none"> ▪ Infrastructure failure: Power, sanitation, water & other key services ▪ Drought / water shortage ▪ Environmental degradation ▪ Extreme temperatures
OPPORTUNITY	THREATS

<ul style="list-style-type: none"> Database design, development and population; Exact information, locality and hazardous materials known. Ensure industries have emergency and evacuation plans in place Budget and programme action plans for specific water supply schemes Response and recovery plans are reviewed and updated annually. 	<ul style="list-style-type: none"> Fires Industrial (including mining) fires / explosions / spillage / accidents Storms Loss of biodiversity
---	--

The issues identified in the SWOT Analysis have been considered in the Municipal Strategic Planning Session.

C.2 – 3.5. DEMOGRAPHIC CGARACTERITICS

3.5.1. POPULATION

Statistics South Africa's 2001 and 2011 census, Community Survey of 2007, and the Demarcation Board data have been used for the demographic and the economic information in this section.

Table 8: Population and households

	POPULATION 2001	POPULATION 2011	% CHANGE	HOUSEHOLDS 2001	HOUSEHOLDS 2011	% CHANGE
HGD	456 492	461 419	1.1%	72 244	112 282	55.4%
GREATER KOKSTAD	56526	65 981	16.7%	19 633	19 140	-2.5%

Source: Statistics South Africa, Census 2001, and 2011

The population of the Greater Kokstad has had a population growth of 17% between 2001 and 2011. In contrast, the 2007 community survey illustrates a population decrease of 21% between 2001 and 2007. The tables below illustrate information on the population and number of household within the greater Kokstad Information.

Table 9: Population Density per ward

WARD	POPULATION
Ward 1	11441
Ward 2	7327
Ward 3	6775
Ward 4	11614
Ward 5	3437
Ward 6	9629
Ward 7	6937
Ward 8	8821
TOTAL	65981

Source: Statistics South Africa, Census 2001, and 2011

Table 10: Household Information

HOUSEHOLDS INFORMATION	
Average number of rooms per	2,5
Average household size	3.4
Female headed households	7962

Source: Statistics South Africa, Census 2001, and 2011

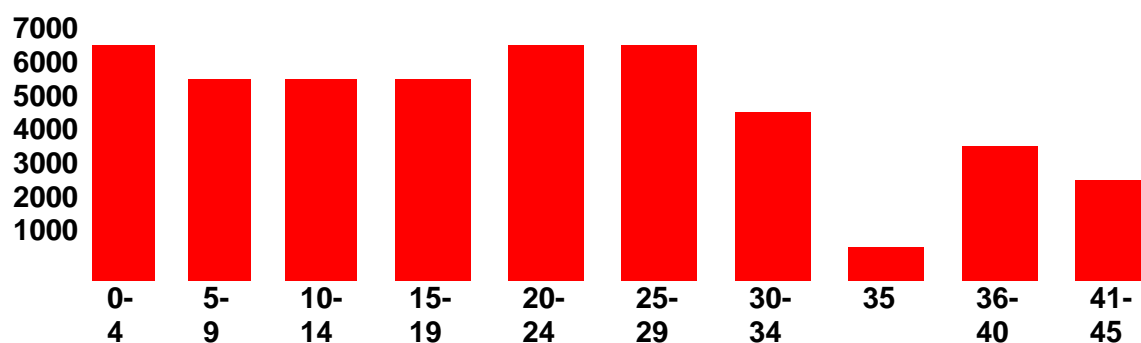
The table below illustrates the distribution of the population based on racial groups.

Table 11: Population Distribution per Race (percentage of population)

	Harry Gwala District Municipality (2001)	Harry Gwala District Municipality (2011)	Greater Kokstad LM (2001)	Greater Kokstad LM (2011)
African Black	93.12	96.87	86.80	88.7
Coloured	3.16	1.64	7.06	6.79
Indian or Asian	0.38	0.33	0.66	1.13
White	3.34	1.16	5.48	3.38
Total	100.0%	100.0%	100.0%	100.0%

Source: Statistics South Africa, Census 2001, 2011

Both statistics on table 1 above show that black people are dominant in the Municipality followed by coloured people, then white people. Indians or Asians are the smallest population group in the municipality. In addition, there was a reduction from 2001 to 2011 in terms of the white population both at District and local municipality level. While there has been a slight increase among the Indian/Asian part of the population

**Figure 3: Age distribution in Greater Kokstad Municipality:**

Source: Stats SA census 2011

As shown in graph above, the Greater Kokstad population is relatively young, with 70% of the population being youth under the age of 35. About 35% of the population is still school going pointing out a need to strength the existing FET collage and to attract more institutions

of higher learning in the future? This relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services in the foreseeable future. This means that the municipality, sector departments and NGOs must direct their development plan in favour of the youth. This brings us to the key issues of concern in the area such as the high unemployment rate, lack of skills, HIV&AIDS and substance abuse.

The segment of the population falling within the 15 – 64 age groups (which makes approximately 67% of the population) would essentially be classified as the potentially economically active population of Greater Kokstad Municipality. This data also means that there must be improved in-take of social security grants especially the child support grants within the municipal area and economic growth to provide jobs for the economically active population. The Municipality has a relatively small percentage of elderly people, which brings to question whether people are not living to old-age, owing to untimely deaths or whether there is a generation of people that have left the area and are enjoying old age elsewhere.

3.5.2. EDUCATION

The table below indicates that forty six percent (46%) of the Greater Kokstad population have a secondary level of education. Approximately 37.83% of the population has some form of schooling in the form of primary education and tertiary education. An approximate 16.24 percent of the population has no schooling. Overall this means that the population of the GKM is relatively illiterate.

Table 12: Level of Education Table

	DC43: HGDe	KZN433: Greater Kokstad	%
Grade 0 - Grade 7 / Std 5/ ABET 3	183768	20317	30.8
NTC I / N1/ NIC/ V Level 2 - Certificate with Grade 12 / Std 10	5140	1659	2.51
Diploma with Grade 12 / Std 10 - Post Higher Diploma Masters; Doctoral Diploma	6027	1790	2.71
Bachelor's Degree - Higher Degree Masters / PhD	3406	1194	1.81
No schooling	26549	2172	3.3
Other	418	85	1.12
Unspecified	-	-	0
Not applicable	66587	8459	12.82
Grade 8 / Std 6 / Form 1 - Grade 11 / Std 9 / Form 4	121433	18764	28.43
Grade 12 / Std 10 / Form 5	48091	11542	17.5
Total	461419	65981	100

Source: Statistics South Africa, Census 2011

3.5.3. HIV/AIDS

There is a lack of clear and reliable data regarding HIV at a local municipal level. However, it is nonetheless clear that it is a very serious issue and should be incorporated into whatever strategies or developments that are undertaken in the study area. Typical impacts of HIV/Aids on planning and development are as follows:

- ❖ Population growth and the structure of the population will change in terms of age and gender;
- ❖ Demand for services such as school, housing and health care facilities will change;
- ❖ Decreased productivity of workers;
- ❖ Impact on capacity of institutions;
- ❖ Spatial implications;
- ❖ Impact on the local economy.

The Municipality together with the Department of Health has developed strategies that will assist both those who are affected and infected. The Department of Health has responded well in driving the HCT (HIV/AIDS Counselling and Testing) and Medical Male Circumcision campaigns in an attempt to fight this disease. However, it is important to note the following achievements by our Government in dealing with HIV and Aids:

- Department of Health has increased site for ARVs provision. Even in Greater Kokstad there has been an increase of ARV down referral sites. Beside Usher Memorial hospital, people can access ARV from Khanyiselani, Shayamoya (Thembaletu Centre), and Franklin and Greater Kokstad clinics.
- Department of Health has introduced dual therapy and Mother to Child Transmission.

Greater Kokstad Municipality has furthered its efforts with Department of Health and other stakeholders by launching the Local AIDS Council that is looking at all issues related to HIV and possible solutions. While we were promoting Healthy lifestyle we were also showing our commitment to the community in ensuring an AIDS free community.

C.3 – 3.6. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

3.6.1. MUNICIPAL TRANSFORMATION

Municipal transformation and organisational development relates to a fundamental and significant change in the way the municipalities perform their functions and the calibre of human resources used in the delivery of quality services to the communities served. Service delivery planning has changed from municipal centred approach to community participatory approach.

3.6.2. ORGANISATIONAL DEVELOPMENT

3.6.2.1. PERFORMANCE MANGEMENT SYSTEM

The Organizational Performance Management System is operational, with support provided by the Department of Cooperative Governance and Traditional Affairs. The OPMS is compliant and adds value to service delivery through enabling monitoring, evaluation and reporting and timeous interventions if necessary. The municipality will focus its attention to the findings that were identified by the AG and ensure an improved Performance Management System.

3.6.2.2. BACK TO BASICS INFORMATION SYSTEM

DCOG and COGTA recently launched the Back-to-Basics information system designed to ensure that all municipalities perform their basic responsibilities and functions without compromise. The programme is built on five (5) pillars:

1. Putting people first;
2. Demonstrating Good Governance and Administration;
3. Delivering municipal services ;
4. Sound financial management and accounting; and
5. Sound Institutional and Administrative capabilities.

The B2B approach will institutionalise performance management systems that will recognise and reward good performance, and ensure sufficient and appropriate support for under performance. The approach will integrate information on municipalities and ensure that the current challenges in the local government sphere in the short and medium term specifically are addressed.

The greater Kokstad Municipality is one of the 26 municipalities under the B2B performance system programme. The five (5) B2B pillars will be aligned to the 6 NKPA's, SDBIP and Managers Performance Contracts in the 2015/16 fiscal going forward. Below is the GKM support plan with time frames to redress slow delivery services and challenges faced by the Municipality and also the MEC COGTA activity plan that will be executed in two phases on an ongoing basis. The first phase starts from July 2014 to June 2015 and the second phase is from July 2015 to June 2016.

3.6.2.3. INSTITUTIONAL ARRANGEMENTS

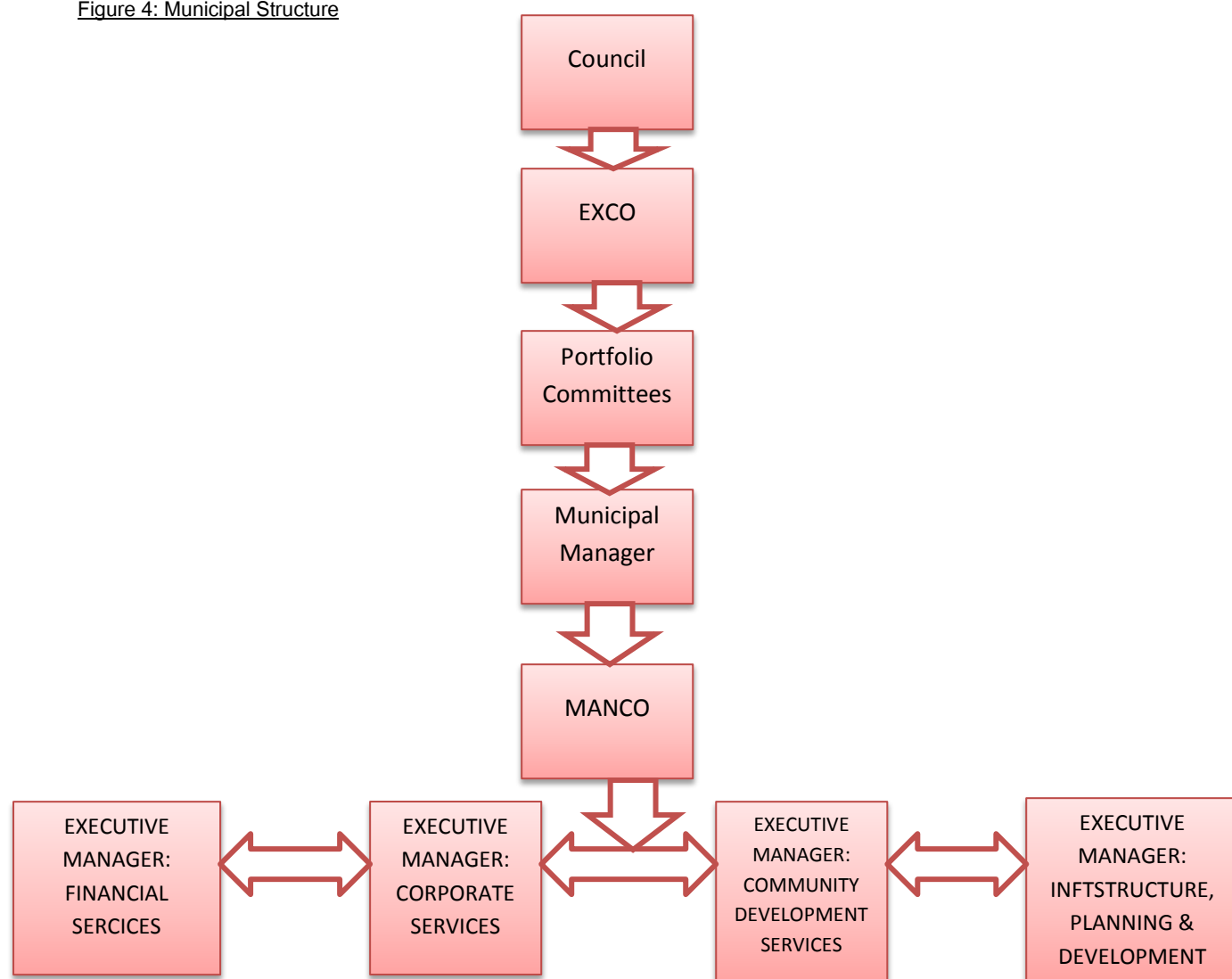
As per the adopted municipal delegation framework the municipal manager will ensure that the delegation of functions or tasks to appropriate levels of staff is properly documented. The Greater Kokstad Municipality has the right to do anything reasonably necessary for, or incidental to, the effective exercise of its powers. It has all the powers assigned to it in terms

of the Constitution as well as other relevant legislation. The executive and legislative authority of the Municipality vests in the Council. The Council will take all the decisions of the Municipality except:

- Decisions on those matters that it has delegated to a delegated office bearer and
- Decisions on those matters that by law have been assigned to a political structure,
- Administrative Structure, Political office-bearer or employee of the Council.

The Council will exercise executive and legislative authority within the Municipal area only. All the powers of the Municipality that have not been reserved for the Council, or that have not been delegated to a political structure, Administrative Structure, political office-bearer or employee of the Council, will be delegated to the Executive Committee. The diagram below indicates the structure of the municipality and the different levels of authority.

Figure 4: Municipal Structure



3.6.2.4. INSTITUTIONAL ARRANGEMENTS

The municipal powers and functions assigned in the Local Government in terms of Municipal Demarcation Board and the ones that the municipality is currently carrying out are as follows:

Table 13: Powers & Functions

▪ Building Regulations	▪ Accommodation, care and burial of animal fencing
▪ Child care facilities, Fire fighting	▪ Licensing for dogs
▪ Storm water	▪ Accommodation, care and burial of animal fencing
▪ Childcare facilities, Fire fighting	▪ Licensing and control undertaking that sell food to the public
▪ Trading Regulations	▪ Local amenities local sport facilities markets
▪ Billboard and display advertisement	▪ Municipal abattoir
▪ Cemeteries, Funeral parlours and cremation	▪ Licensing and control undertaking that sell food to the public
▪ Cleaning	▪ Local amenities local sport facilities markets
▪ Control of Public Nuisance	▪ Municipal roads
▪ Control undertaking that sells liquor to public	▪ Air and noise pollution pounds
	▪ Public places

Although the Municipality is currently carrying out most of its assigned powers and functions it lacks this ability in certain areas, e.g. Billboards and Display advertisement, Cremation, Accommodation and burial of animals. However, the Municipality has responded to situation in various ways. In the case of Bill board and Display advertisement and Accommodation and burial of animal, for example the Municipality has formed Public-Private Partnership where an external agency has been contracted to undertake these functions on a contract basis.

3.6.3. ADMINISTRATION

To assist the Greater Kokstad Municipality with implementing the objective of the local government as contained in the White Paper on Local Government, a strong, dynamic and charismatic leadership that provides direction for the success of organization is in place. The Greater Kokstad Municipality has been structured in a manner that helps in addressing challenges that it faced with



FIGURE 5: ADMINISTRATIVE STRUCTURE

3.6.3.1. POWERS AND FUNCTIONS OF THE MUNICIPALITY

The following are the powers and functions of our municipality:

- To provide community & citizen services;
- To provide & maintain existing municipal infrastructure to enable service delivery;
- The efficient management of the finances of the municipality based on the MFMA;
- To coordinate strategic planning & governance within the municipality;
- Provide corporate services auxiliary functions of a municipality.

The table following elaborates the functions of the municipal departments:

Table 14: Municipal Departments and Their Functions

DEPARTMENT	PURPOSE	FUNCTIONS
OFFICE OF THE MUNICIPAL MANAGER	to provide leadership to the municipality and support council filling its mandate	<ol style="list-style-type: none"> 1. Strategic Planning, development and IGR services 2. Political Office Bearer support services 3. Internal Audit and Risk Management Services 4. To render Youth, Sport & recreational programs 5. To render special programs 6. Promote local economic development and poverty alleviation initiatives 7. Organisational performance management 8. Communications Legal advisory services
FINANCIAL SERVICES	Efficient management of the finances of the municipality	<ol style="list-style-type: none"> 1. To manage the municipal budgeting and reporting process 2. To manage and control municipal expenditure 3. To collect, manage and control municipal revenue
INFRASTRUCTURE,	To provide capital infrastructure	<ol style="list-style-type: none"> 1. Municipal infrastructure maintenance

PLANNING & DEVELOPMENT	and maintain existing infrastructure	<ol style="list-style-type: none"> 2. Stormwater management 3. Civil engineering 4. Electric services 5. Planning and GIS services
COMMUNITY DEVELOPEMNT SERVICES	To provide community social and traffic services	<ol style="list-style-type: none"> 1. Traffic and by-laws regulation and enforcement 2. Coordinate disaster firefighting services 3. The management, maintenance and control of facilities and amenities. 4. The management, maintenance and control of solid waste, landfill sites and parks and cemeteries.
CORPORATE SERVICES	undertake corporate and administrative services	<ol style="list-style-type: none"> 1. Provide HR management and HRD services 2. Ensure employee wellness 3. Provide auxiliary services 4. Provide IT services 5. Provide Council Secretariat services 6. Provide Customer Care Services

3.6.4. ORGANISATIONAL STRUCTURE / ORGANOGRAM

The municipality adopted its organogram on the 30 June 2013 and it is currently under review due to the high vacancy rate and budget constraints. The current organogram is attached as an annexure under Section I – Chapter 9 of this report.

3.6.4.1. VACANCY RATE

The post for the Executive Manager Corporate Services has been vacant since December 2014 and is anticipated that the recruitment will be finalised by 30 September 2015. The performance agreements are in place and were reviewed during the Mid-term adjustment budget. Critical posts remain vacant due to moratorium placed on all posts due to financial constraints. The municipality is in the process of reviewing the organogram to address the filling of all critical vacant posts like IDP, SCM, ICT are critical posts as identified by the Auditor-General. The current organogram is under reviewal and will include the Environmental Management post.

Table 15: BUDGETED AND UNBUDGETED VACANT POSTS WITHIN THE MUNICIPALITY = Budgeted: 36 Unbudgeted = 103

TYPE OF RECRUITMENT	OMM	CSD	CDSD	IPD	FSD	TOTAL
No of posts as per the organogram	26	52	202	179	37	496
No of posts filled	20	39	155	126	16	356

No of budgeted vacant posts	2	4	13	9	9	36
No of unbudgeted vacant posts	4	9	34	44	12	103

3.6.4.2. CRITICAL POSTS (MM & SECTION 56 POSTS)

Holistically the municipality has a high rate of vacant posts like IDP, SCM and ICT are critical posts as identified by the Auditor-General.

The following table highlights the persons holding the critical positions:

Table 16: Persons Occupying the Municipal Critical Positions

NAME	POST	GENDER	FILLED/VACANT
Zamokuhle Mkhize	Municipal Manager	Male	Filled
Nolubabalo Gqola	Chief Financial Officer	Female	Filled
n/a	Executive Manager: Corporate Services	n/a	Vacant
Nyaniso Msiya	Executive Manager: Community Development Services	Male	Filled
Andile Velem	Executive Manager: Technical Services	Male	Filled

3.6.5. HUMAN RESOURCE DEVELOPMENT

3.6.5.1. CODE OF CONDUCT

Councillors and staff members are required to sign a Code of Conduct and Declaration of Financial Interest form on an annual basis, which must be certified by the Commissioner of Oaths. These records are kept for internal and external audit purposes.

3.6.5.2. HUMAN RESOURCES STRATEGY

As an over-arching framework aligned to its strategic plan and organizational structure the municipality has an adopted Human Resources Strategy.

3.6.5.3. WORKPLACE SKILLS PLAN: FIVE YEAR AND ANNUAL

As part of human resources development plan the Municipality has developed its five year and annual Work Skills Plan aligned to the strategic plans/IDP of the Municipality and addresses scarce skills training/capacity enhancement and responds to capacity challenges faced by the Municipality. Amongst, other things, the Skills Development Plan of the Municipality focuses on the following:

- ✓ Employment Profile
- ✓ Employee qualification profile
- ✓ Annual training and skills priorities
- ✓ Beneficiaries to be trained
- ✓ Learner ship, Skills Programme and apprenticeship
- ✓ Quality assurance—
Service providers to be used for planned training and development activities

The municipality spends an amount of R800 000.00 annually to implement its workplaces skills plan and the expenditure has been 100% for the past three years. The budget constraints have resulted in the municipality implementing other strategies in terms of capacity building. The municipality has initiated a partnership with eThekweni Municipality in terms of skills development.

3.6.5.4. EMPLOYMENT EQUITY PLAN

The Employment Equity Plan is in place, and a forum has been established to review the plan annually, to monitor its implementation and consider employment equity matters. A current challenge facing the municipality is the non-representation of certain race groups within the staff, and its inability to attract these race groups during recruitment processes.

3.6.5.5. HUMAN RESOURCES POLICIES

During the 2014/2015 financial year human resource policies were given focused attention; an audit of policies was done and gaps identified were addressed. In addition the Discipline and Grievance Policies were work shopped with each department within the Municipality as part of awareness of the policies and their procedures.

3.6.6. MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT: SWOT ANALYSIS

Table 17: Municipal transformation & organisational Development: SWOT analysis

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> ▪ Institutional Systems in place (-EDMS, VIP, ICT Networks) ▪ Retention developed and being implemented ▪ Established and functional performance management systems ▪ All Top Management (sec 56) positions are filled. ▪ Workplace skills plan is being reviewed and implemented on an annual basis ▪ Established Development Planning shared services ▪ SDBIP in place and is reporting done on a monthly basis ▪ Policies and By-laws in place ▪ approved structural organisation 	<ul style="list-style-type: none"> • Ad-hoc handling of increased legal matters • Limited office space • There is still a challenges regarding attracting certain race groups during the recruitment processes.
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Process of establishing an electronic performance management system • Established wellness centre • Capacity building workshops are being facilitated • Established customer care • established and functional internal audit and audit committee • Audit Outcome 	<ul style="list-style-type: none"> • Audit outcome • High staff turn-over (institutional memory loss) • Vacant posts are not filled • Municipal financial constraints • Work overload on existing municipalities

C.4. – 3.7. BASIC SERVICES DELIVERY ANALYSIS

3.7.1. WATER AND SANITATION

This section of the document gives an overview on the provision of infrastructure in the municipal area. Basic infrastructure within the Greater Kokstad Municipality and in respect of the IDP, core and non-core functions are as follows: Potable Water, Waste Water, Sanitation, Energy, Roads, and Housing, other infrastructure and services include Solid Waste and Cemeteries.

3.7.1.1. STATUS OF WATER SERVICES

In terms of The Water Services Act, the Harry Gwala District Municipality is the Water Services Authority in respect of all local municipalities with its jurisdiction.

According to the recent Statistics census 2011, there has been an increase in the number of households with water inside their dwellings and well as access to water outside their yards. Dependency on boreholes and springs has been reduced between the 2001 and 2007 census assessments. This indicates expenditure in water and related infrastructure committed by Harry Gwala District in the past years. The following table compares the 2001 and 2011 census results:

Table 18: Access to Water Sources Households

HOUSEHOLD	STATS 2001	STATS 2011
Dwelling	2 831	6 914
Inside Yard	11 705	7 398
Outside Yard	2 577	4 373
Boreholes	70	1 746
Spring	229	806
Rain Tank	25	332
River/Stream	280	368
Water Vendor	14	399
Other	72	270

Source: Stats 2011 census

3.7.1.2. WATER RETICULATION

The status quo for water reticulation is presented in the table below, which shows that a total of 14 312 (75%) households in Greater Kokstad Municipality currently have access to water with the yard. A total of 3352 households have access to

water within 200m of the dwelling unit. While the number of households with no access to water is 451 which translate to 2.3% the highest number of households with no access to water are in ward 2 and 6 which are predominately rural wards. This translates to 75% of the households with access to water inside the yard do not have sufficient access to water reticulation.

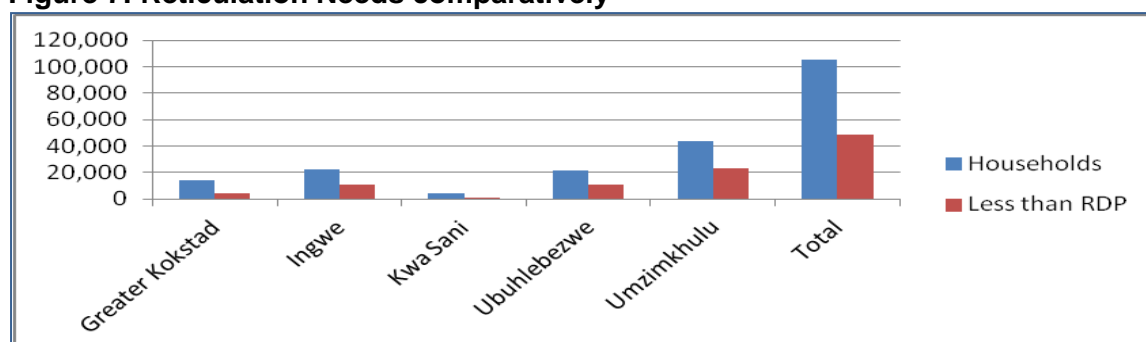
Table 19: Estimated Water Reticulation Needs (Thousands Households)

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	Total
Piped (tap) water inside dwelling/institution	286	437	1528	1375	470	1186	838	794	6914
Piped (tap) water inside yard	351	945	358	1995	464	868	1167	1251	7398
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	2308	275	4	16	97	335	1	315	3352
Piped (tap) water on community stand: distance between 200m and 1000m (1km) from dwelling /institution	(372)	(88)	3	8	2	293	-3	116	885
Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	120	4	-	-	-	15	-	-	139
No access to piped (tap) water	16	117	5	25	2	223	3	59	451
Total	3454	1866	1899	3419	1035	2921	2012	2534	19140

Source: Stats SA census 2011

Source: Harry Gwala CIP

Figure 7: Reticulation Needs comparatively



The total estimated budgets to address reticulation, bulk, treatment and refurbishment are indicated in Sisonke Water Services Plan (WSP). The total investment required in

all municipalities within Harry Gwala District Municipality is approximately R228 million. The bulk budget is the largest portion of the total budget.

Table 20: Total Water Investment Needs (R million)

LM/DM Name	Water Needs	Refurbishment	Bulk	Water Treatment Works	Total
Sisonke DM	R366.98	R63.96	R732.25	R181.52	R1,344.70
Ingwe	R0.00	R0.00	R0.00	R0.00	R0.00
	R0.00	R0.00	R0.00	R0.00	R0.00
	R0.00	R0.00	R0.00	R0.00	R0.00
	R0.00	R0.00	R0.00	R0.00	R0.00

LM NAME	RETIC	REFURBISHMENT	BULK	WASTE WATER	TOTAL
Sisonke District Municipality	R320.57	R31.90	R138.81	R157.37	R648.64
Ingwe	R .00	R .00	R .00	R .00	R .00
Kwa Sani	R.00	R .00	R .00	R .00	R .00
Greater Kokstad	R.00	R .00	R .00	R .00	R .00
Ubuhlebezwe	R.00	R .00	R .00	R .00	R .00
Umzimkhulu	R.00	R .00	R .00	R .00	R .00
Total	R320.57	R31.90	R138.81	R157.37	R648.64
	R0.00	R0.00	R0.00	R0.00	R0.00
	R0.00	R0.00	R0.00	R0.00	R0.00

3.7.1.2. SANITATION

According to census 2011 information, the sanitation backlog in Greater Kokstad Municipality is 692 households which equate 3.6% which shows that in the main households have access to sanitation services. The figure is similar at a district level implying that general most households within the district have access to decent sanitation services. Table below show sanitation backlog in Greater Kokstad Municipality as compared to the entire district:

Table 21: Sanitation Backlogs within Harry Gwala District and GKM - (Stats SA: census 2011)

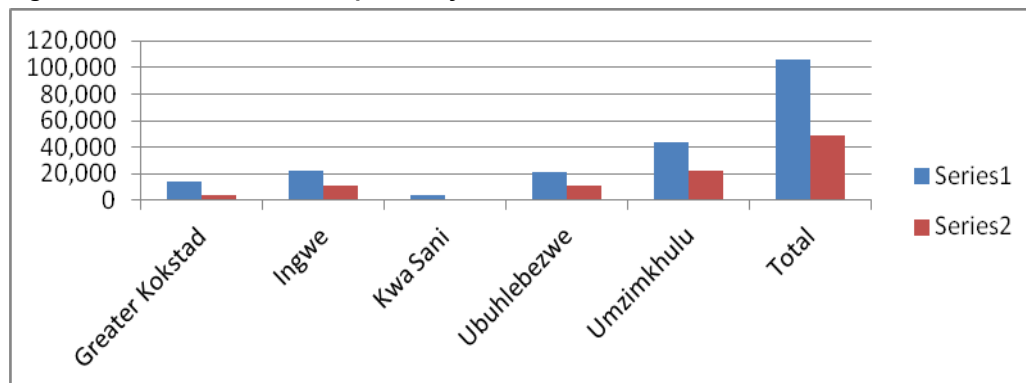
	Number of households with Access to sanitation facilities	Number of households with no sanitation facilities (including bucket toilets)	Total
Harry Gwala District municipality	108 755	3 528	112 283
Greater Kokstad	18 448	692	19 140

Below the table indicates the level of sanitation per ward in the Greater Kokstad Municipality. A high number of households use a water borne sewerage system this results in high repairs and maintenance costs in term of the infrastructure.

Table 22 Source: Stats SA census 2011

	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5	WARD 6	WARD 7	WARD 8	TOTAL
None	150	150	23	17	6	196	50	38	630
Flush toilet (connected to sewerage system)	472	298	1849	3149	888	904	1948	2000	11507
Flush toilet (with septic tank)	19	220	13	226	57	367	10	20	932
Chemical toilet	799	49	1	11	-	324	-	1	1185
Pit toilet with ventilation (VIP)	1003	441	7	5	4	348	-	25	1834
Pit toilet without ventilation	985	639	5	3	10	541	2	419	2605
Bucket toilet	23	5	-	1	-	7	1	25	62
Other	2	64	1	7	69	234	1	6	384
Total	3454	1866	1899	3419	1035	2921	2012	2534	19140

Figure 8: Sanitation Needs Comparatively



3.7.2. SOLID WASTE MANAGEMENT

3.7.2.1. SOLID WASTE

Greater Kokstad municipality's Integrated Waste Management Plan is currently at a Draft phase and is currently to be work shopped with council. The IWMP makes a comprehensive analysis of the status quo of the municipality's waste management, makes a critical analysis and assesses strategies to address these. Then, the implementation plan summarises the priority projects and associated actions that are recommended for implementation of the strategies that were developed as part of the IWMP.

The existing landfill site is the Shayamoya Land fill site, January 2010, the landfill site was approximately 2.2ha in size, and over the years it has accumulated waste of approximately 40 000 m³ (2009) and is in a poor condition although there are some management measures in place. This site is at capacity and was therefore earmarked for closure by 2012. The site is furthermore located above a large drainage line which feeds into a stream. The landfill site is unlined. The stream showed evidence of eutrophication which could imply that water quality downstream of the site is a potential ecological and health hazard.

The new proposed land fill site is located on a farm east of Horseshoe, which is north east of the CBD. While the old land fill site is still operational, it must be noted that the usage is kept at a minimum due to capacity until such time that the new site has been fully established. The table below indicates the different types of refuse removal within the municipality per ward.

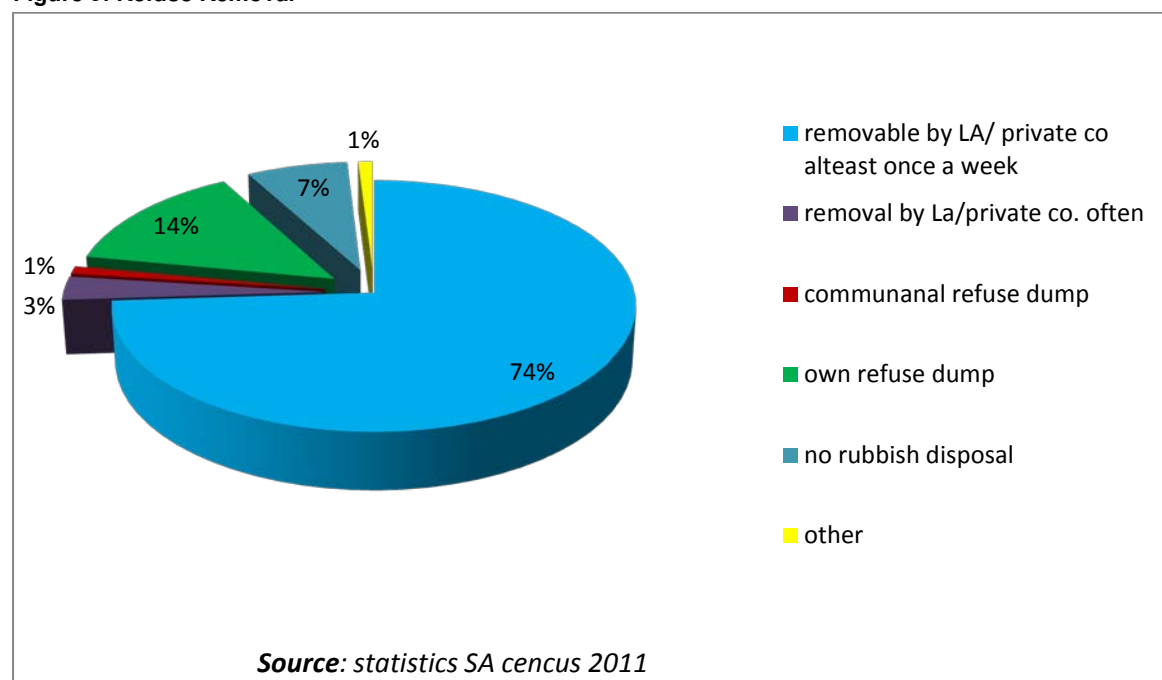
Table 23: Refuse Removal

**Table: Census 2011 by Municipality, refuse removal by population group of head of the household
KZN433: Greater Kokstad**

	Black African	Coloured	Indian or Asian	White	Other	Unspecified	
Removed by local authority/private company at least once a week	12731	874	158	372	35	0	14170
Removed by local authority/private company less often	353	166	8	36	5	0	568
Communal refuse dump	200	4	2	27	0	0	233
Own refuse dump	2213	167	10	279	2	0	2671
No rubbish disposal	1269	26	1	18	3	0	1317
Other	137	2	0	42	1	0	182
Total	16903	1239	179	774	46	0	19141

Source: Stats SA census 2011

Figure 9: Refuse Removal



The following status quo information in respect of solid waste was provided by the Manager Community Services for Greater Kokstad Municipality:

3.7.2.2. AREA COVERED BY WASTE COLLECTION

Waste collection services are undertaken in the following areas:

- ❖ Kokstad Town
- ❖ Franklin Area
- ❖ Swartberg Area
- ❖ Pakkies Area

3.7.2.3. WASTE MANAGEMENT

- ❖ In Kokstad Town, Medical Waste is collected and transported to Durban by private contractors;
- ❖ Domestic (refuse bags at individual households), Business and Street Sweepings (containers and refuse bags) at Kokstad Town are collected and transported to the Shayamoya Landfill Site by Greater Kokstad Municipality;
- ❖ Domestic (refuse bags at individual households), Business and Street Sweepings at Franklin, Swartberg and Pakkies Areas are collected and transported to the Shayamoya Landfill Site by Greater Kokstad Municipality.

3.7.2.4. WASTE COLLECTION AND TRANSPORTATION

Currently 77% households within the *whole municipality* are covered by a waste collection system this is a very high percentage as Greater Kokstad has a high number of households situated on commercial farms areas.

Table 24: GKM method of waste collection

Waste Type	Kokstad town Collection Method	Franklin Area	Swartberg Area	Pakkies Area
Domestic	Kerb Side Collection	Kerb Side Collection	Kerb Side Collection	Kerb Side Collection
Business	Skips for Waste Collection	Kerb Side Collection	Skips for Waste Collection	
Industrial	Skips for Waste Collection			
Garden Waste	Special refuse Collection			
Building Waste	By Waste Generators or Private Contractors			
Street Sweepings	Kerb Side Collection	Kerb Side Collection	Kerb Side Collection	
Medical Waste	Hospital			
Hazardous	Hospital			

Waste				
-------	--	--	--	--

Table 25: Waste Transport Equipment:

	Vehicle Description	Number of vehicles	Average number of crew per vehicle
Kokstad town	Tractor and Trailer	X1	3
Franklin Area	Bakkie with Trailer	X1	3
Swartberg Area	LUV and Trailer	X1	3
Pakkies Area	LUV and Trailer	X1	3

Frequency of municipal waste collection:

- ❖ Residential in Kokstad area - 2x per week
- ❖ CBD in Kokstad area - Daily basis
- ❖ Franklin, Swartberg and Pakkies - 1x per week

3.7.3. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

EPWP is a nationwide government initiative that is aimed at creating work opportunities to the poor and unemployed South Africans. The Greater Kokstad Municipality was allocated **R1 754 000** in the 2014/15 financial year by the department of public works to create jobs. The municipality created 90 jobs in all 8 wards in Kokstad. The beneficiaries are divided into 3 groups which clean drains (20), pick litter and maintain parks. The program has assisted the Municipality to keep the town, residential areas and parks clean. The budget allocated for the **2015/16** financial year is **R1 997 000**

3.7.4. TRANSFORMATION INFRASTRUCTURE

The Municipality has a well-developed road network on a national, district, and local scale, but the condition of the majority of the local roads are poor, and access is problematic in wet conditions. The Harry Gwala District Municipality has prepared an Integrated Transportation Plan which will designate roads in need of upgrade thus hopefully improving local movement.

The following primary and secondary transportation routes are aligned through the Greater Kokstad Municipal Area:

- The N2 corridor that links the area of Kokstad to the major economic hub such as Port Shepstone and Durban in KwaZulu-Natal Province and Umtata in the Eastern Cape Province.
- The R56 which links the Greater Kokstad Municipality with Matatiele and Cedarville in the western side of the municipality. This road plays an important transport route from both transportation and an economic development perspective.

- The R617 which links western part of the municipality with Underberg and Pietermaritzburg.
- Other than the above, the municipal area is crisscrossed by a number of district traffic routes, often in a poor condition and making effective transportation problematical.
- Lowest in the ranking of transportation routes are the so-called agricultural roads which provide access to agricultural crops and link with the district roads.

The backlogs with regards to road maintenance are indicated below:

Table 26: Road maintenance Backlogs

ROADS BACKLOGS					
Local Municipality	Length (KM)	Cost	Planned Backlog Reduction (2015/16)	Cost/Reduction	Projected Balance
Greater Kokstad	178	142 400 000	20	16 000 000	158

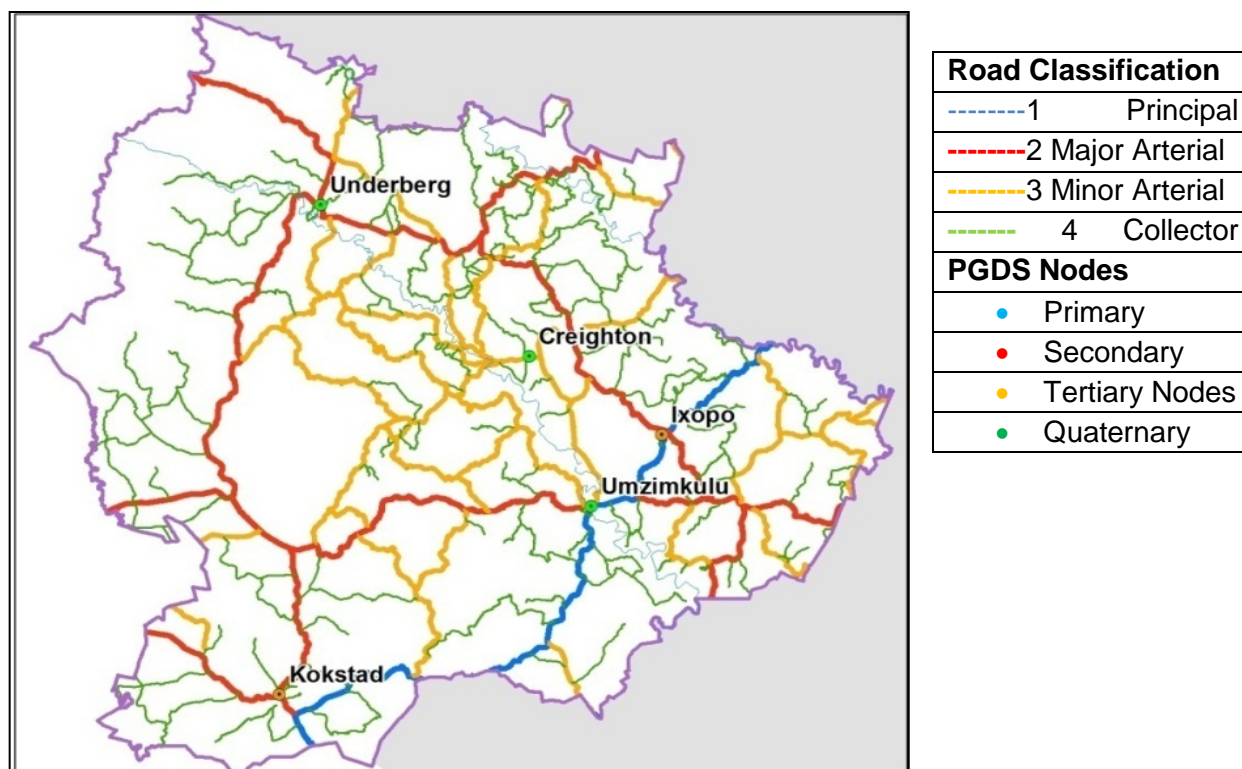
The department of transport prioritises roads using various factors such as the Provincial Spatial Economic Development strategy and the Provincial Growth and Development Strategy. The linkage to the PGDS nodes, industrial potential, agricultural, tourism and community development are all considered when prioritising the development of new roads. It is also acknowledged that the status of the road condition can affect the status of the factors listed above. The department of transport is currently constructing the pedestrian walkway on the provincial road; the construction from the eastern side has already been completed. The municipality has been engaging the department with regards to upgrading of Hope Street as it runs in the middle of town and it is a provincial road.

The roads are classified into six main classes and these are according to the purpose the road serves, the map below indicates the road network in the Harry Gwala the six classes are as follows;

- Class 1 Principal Arterials (Mobility roads)
- Class 2 Major Arterials
- Class 3 Minor Arterials
- Class 4 Collector Roads
- Class 5 Local Roads
- Class 6 Walkway
- Class 1, 2 and 3 roads provide for mobility over longer distances

The map below indicates critical roads and linkages within the entire district municipality the Greater Kokstad municipality as depicted is mainly dominated by principal and major arterial roads.

Figure 10: Status of Municipal Roads



3.7.5. TAXI RANK

There are two established taxi ranking facilities in the Kokstad Municipality CBD: the long distance taxi rank along Dower Street on land owned by the Municipality and the Local routes taxi rank situated on land belonging Rhino Cash n Carry directly across from the long distance taxi facility. Both ranks are between Hope and Main Street.

There is no exclusive washing bay for the taxis and no proper drainage. The surface has potholes as a result of water /chemical ingress. The facility has no shelter either for vehicles or passengers.

The Municipality was approached by the Kokstad Taxi Association in partnership with the Gwenshu Trust requesting to lease area for the purpose of developing the Taxi Rank as such; the state of the public transport infrastructure needs to be geared to meet the current and increasing levels of passenger demand.

3.7.6. ENERGY

National and Provincial policies are strongly support moving to more sustainable energy sources. The 2010 Draft Revised White Paper on Renewable Energy Policy aims for the provision of a minimum of 27% of national energy from renewable sources by 2030, and the national climate change documents note that the most significant GHG emissions in SA come

from the energy sector.

The KZN PGDS states that the Province will strive for more self-sufficiency through alternative renewable energy generation options, and sets indicators for this purpose:

- Measuring Energy Production Capacity in relation to households receiving sustainable electricity supply,
- increasing supplies from renewable energy sources; and
- The number of renewable energy generation or co- generation projects in implementation stage.

The following interventions are recommended in the KZNPGDS:

- Development of Provincial Alternative Energy Strategy with specific focus on Hydro Electricity potential,
- Implement a Programme of Alternative Energy demonstration projects, and
- Establish a Provincial Carbon Credit Programme.

The GKM produces none of its own energy, so is currently dependent on the national grid, and therefore vulnerable. The GKM LED Strategy, 2011 has noted that opportunities exist to access the Green Economy, specifically by diversifying the energy mix and placing more focus on renewable energy supply. The GKM Turnaround Strategy has set Access to electricity, management and maintenance as a Priority Turnaround Focal Area. The immediate priority is to accelerate the basic services delivery programme-access to basic services is also as a medium term priority. Igoda Projects was appointed to develop an Energy Master Plan for the Greater Kokstad Municipality. The aim of this master plan is inter-alia to ascertain the future growth and upgrading needs of the Municipality's 11kV distribution network as well as to look at areas current electrified under Eskom license conditions.

The primary objective of the study was to produce an energy master plan covering not only the distribution networks for the Greater Kokstad Municipality but also Eskom's electrification plans.

Some substations and networks in the GKM area are old and due to resource constraints have not been maintained well. The old equipment in use is evident of the ageing network. Networks have also become over loaded as the town has grown without upgrading of medium voltage cables. A detailed operation and maintenance plan is induced in the energy master plan it indicates the cables and substations that need upgrading and which of these need maintenance on a regular basis.

3.7.5.1. LICENSED SUPPLY AREAS

NERSA have issued licenses for the distribution of electricity within the municipality as follows:

Greater Kokstad Municipality: to supply the town of Kokstad and surrounding townships including;

- ✓ Bhongweni
- ✓ Horseshoe
- ✓ Shayamoya
- ✓ Franklin
- ✓ Kargspost

ESKOM: to distribute electricity to the balance of the GKM area.

3.7.5.2. ECCESS TO ELECTRICTY

According to GKM Urban Regeneration Strategy (2012) states that approximately 62.3% of households in the Greater Kokstad Municipality have access to electrical grid and 16.4% have access to free basic energy. The table below shows the number of potential households without access to electrical grid. These have been identified as priority areas for electrification.

Table 27: Kokstad Households without access human settlements

Slum Clearance Project: Shayamoya					180 Housing units
R56	Integrated	Sustainable	Settlement:	Kokstad	600-800 Units
Franklin Residential Development (New Project)					450 units (200 currently)
Makhoba Housing: Farms Argyll & Springfontein					418 Units/994 Units
Willowdale Housing Project Kargs Post					87 Units

3.7.5.3. KOKSTAD SUPPLY AREAS

The Greater Kokstad Municipality is the licensed distributor of electricity to the formal area of Kokstad and surrounding townships. Supply is taken from Eskom at 11kV from four in take feeders:

- Main Sub-Station 1, Elliot Street:
- Feeder No 1=9MVA
- Feeder No 2=4.7 MVA,
- Bhokintaba Sub-Station Shayamoya: 33/11kV 5MVA.
- Hans Merensky Sub-Station 10.1kVA (Previously 5MVA)

An increase in the Notified Maximum Demand (NMD) has been requested by the Municipality from 17MVA to 22MVA. However Eskom have expressed concerns in respect of constraints at Kokstad Sub-Station with regard to awarding this request for increase. Eskom concerns are as follows:

- Eskom supplies customers outside of the Kokstad area of supply off the same 11kV network. At transformer peak, this Eskom supplied load amounts to approximately 3.7MVA.
- Due to the installed transformer capacity at Kokstad and other

customers being supplied from the 11kV network, the increase to the Kokstad NMD cannot be entertained.

- In addition, Eskom guidelines state that due consideration be given to reliability requirements.
- With load forecasts from the Municipality showing load growth to be in excess of the rated output of a single transformer, the standard portion of the requested NMD revision revised downwards to 22MVA. This figure aligns with Eskom Plant and TSG recommendations of a maximum overload of 10% for such transformers as those installed at Kokstad Sub-Station.
- The new 22 MVA NMD being reached (standard portion) will be used as a trigger for an upgrade at Kokstad Sub-Station, replacing the existing 2x 20MVA transformers with 2x 40MVA transformers and will include both cable and switchgear upgrading also.

There are no customer backlogs in the Kokstad licensed supply area as all traditional formal households have been electrified. There is however a superficial backlog within Kokstad attributed to informal housing which is being addressed through the Municipality Slums Eradication initiative.

This informal housing, will overtime, be replaced by formal new low cost housing with electricity services. Due to this initiative, it is not the intention of the Municipality to electrify informal, not only to avoid wasteful expenditure but also to discourage informal settlement. The condition of the Kokstad infrastructure is generally good and appears to be reasonably maintained however the network constraints highlighted above will continue to put pressure on the network which, if not adequately addressed, will lead to a more rapid deterioration.

3.7.5.4. ESKOM SUPPLY AREAS

Eskom provides bulk supply to the Greater Kokstad Municipality as well as electricity to households and farms within the greater Kokstad municipal boundaries. The map below indicates the electricity infrastructure that exists in the Greater Kokstad municipality. The red indicates the lines that are under pressure.

Map 11: Status of Electrical Power lines

Sports field	1 per 770012000	
--------------	--------------------	--

Source: Planning and Development Commission

3.7.6.2. LIBRARY FACILITIES

There are two libraries in Greater Kokstad Municipality, one in Kokstad Town and one in Bhongweni. The Kokstad Library has a capacity of 50 persons seated, while Bhongweni Library has a capacity of 43 person including computers with internet access. Library services offer career development activities with schools and work in association with some sector departments in dissemination of information related to health, HIV/Aids awareness and sports development. However, these two libraries are inadequate as they are too small for the population served and do not have adequate study space for students.

3.7.6.3. GOVERNMENT OFFICES

The following are government offices located in Kokstad:

- Department of Education (teachers and administrators);
- Department of Health (hospital, clinic, and primary health care workers);
- Department of Correctional Services (Wardens);
- Department of Transport (road maintenance);
- Department Safety and Security (Police Officers);
- Department of Justice (magistrate court)
- Department of labour ,and
- Greater Kokstad Municipality

3.7.6.4. ROLL OUT OF FREE BASIC SERVICES

The municipality provides subsidized services to indigent households after their applications meet the criteria and are approved by the Council. 50kWh of free electricity is issued to both prepaid and credit meter customers. The municipality is also offered a subsidized refuse removal for indigent household on a monthly basis. To ensure the roll-out of free basic services, the municipality has budgeted an amount of R14, 372,000.00 in its 2015/16 financial year budget.

3.7.6.5. OPERATIONAL AND MAINTENANCE

The municipality has allocated an amount of R 11,650,000.00 for repairs and maintenance in its 2015/16 budget. This is amount that the municipality can afford to which it has proof to be insufficient as the existing infrastructure is deteriorating constantly. New infrastructure is also being created which places further pressure on maintenance resources. There is a Provincial road (Hope Street) running through the Kokstad town. Significant problems are

currently encountered with the maintenance of this road since Province lacks the necessary funds to maintain or upgrade this road.

3.7.6.6. CEMETRIES

There is an under-supply of cemeteries in the area, especially considering the expected number of HIV/AIDS related deaths over the next 10 years. Appropriate facilities need to be provided throughout the area with due cognizance of religion, culture and tradition. Update status of cemetery – land was obtained in 2009 and the cemetery was developed with a lifespan of 10 years (2019). This however is inadequate to address the future predicated needs for burials. In addition, for cultural reasons it is required that cemeteries be located relatively “close” to inhabitants. The municipality is currently in the process of acquiring new land for a cemetery to be readily available for burial in 2020.

3.7.7. HUMAN SETTLEMENTS

Human settlement patterns are typical, with the older part of town housing the more affluent (historically white) population in the leafy suburbs, with peripheral poor (black) townships. The suburbs are low density, with large sites along tree lined streets, and single storey bungalow built form. Site sizes range from over 4000m² (the zoning allows a minimum of 1800m²), compared to the township areas, which are zoned for 450m² sites but in fact the average is more like 300m². Parts of the old town lend themselves to densification, and the strip along the river, to the east, is particularly in need of intensification, and presents an opportunity to improve the sustainability of Kokstad as a settlement.

The Shayamoya Township is characterised by monotony, and lacks legibility, partly through the layout design that is predicated on engineering efficiency and lowest cost. Most sites have pedestrian access, or in some instances roads that have only been half surfaced, no storm water control system in place and the current sewer system is old and under huge pressure as over spills are day to day experiences. The character of Shayamoya is largely determined by a mass housing approach to delivery, also evidenced by the mono-functional land use.

Bhongweni Township is older, is on flatter land, and although also delivered through state subsidies for incremental housing, the grid layout and street scale has resulted in a very pleasing character. The area has been identified through additions to the original RDP houses, often to provide rooms for tenants. A central social facilities precinct, as well as pockets of houses for slightly higher income residents, provides relief and as emblems of human settlement rather than a housing project. Informal settlements at the edges of the townships site either on the steepest slopes or dangerously close to the river, and are the object of proposed slums clearance projects.

There is a housing shortage across all segments of the market, and proposed private development projects (approved, or in preparation) on the edge of town area less sustainable model of development than intensification of the current foot print would be, and will extend the infrastructure burden for the municipality.

The proposed R56 project has potential to address many of the housing issues in Kokstad, but is still in the early project preparation stage. Social rental housing would be an appropriate strategy to address some of the demand and backlog, but currently the pre-conditions for GKM to receive social housing subsidies and restructuring grants are not in place.

Franklin comprises the old railway village, a large informal settlement, and a new housing project, currently under construction. Mass housing delivery is not a sustainable proposition, but coupled with appropriate economic development, and Reinstatement off freight rail capacity could have the potential to be developed as an important node.

3.7.7.1. CURRENT HOUSING DEMAND

The Housing Sector Plan (GKM HSP: 2007) indicates that Greater Kokstad faces a low and middle-income housing crisis. It broadly describes the housing demand as follows:

- Need for low-income (fully subsidized) houses at 1000.
- Informal settlements need to be relocated or upgraded.
- Highly constrained, demand-driven private housing market with inflated house prices, in all market segments.
- Demand for housing is across the board, ranging from single-person rented accommodation, through basic fully-subsidized housing units, to middle and upper-income bonded accommodation.

The lack of accommodation contributes to pressure on existing housing, with the negative outcomes of squatting, overcrowding of existing houses, down-market “raiding” by higher income households and escalating of rentals and sale prices of houses.

The following projects have been approved by the MEC and are being implemented:

Table 29: Municipal Housing Projects

PROJECTCODE	PROJECT	FUNDING			
		2012/13	2013/14	2014/15	2015/16
K03070012	Franklin Housing Project	R11m	R11m	R1,6	R1,6 (rolled over from previous year)
K0711001	Makhoba Housing Project	R27,5m	R18m	R44m	R11m
	Shayamoya Phase 3 Slums Clearance - 700 Units	-	-	Project is at Planning Stage	

	Kokstad Community Residential Units Development (CRU) – 300 Units	-	-	Project is at Planning Stage
	Kokstad Middle to High Income Housing Development (R56 Housing)	-	-	Project is at Planning Stage
	Middle Income Housing (Bhongweni 34 Sites)			Project is at Planning Stage

3.7.7.2. HOUSING KEY ISSUES

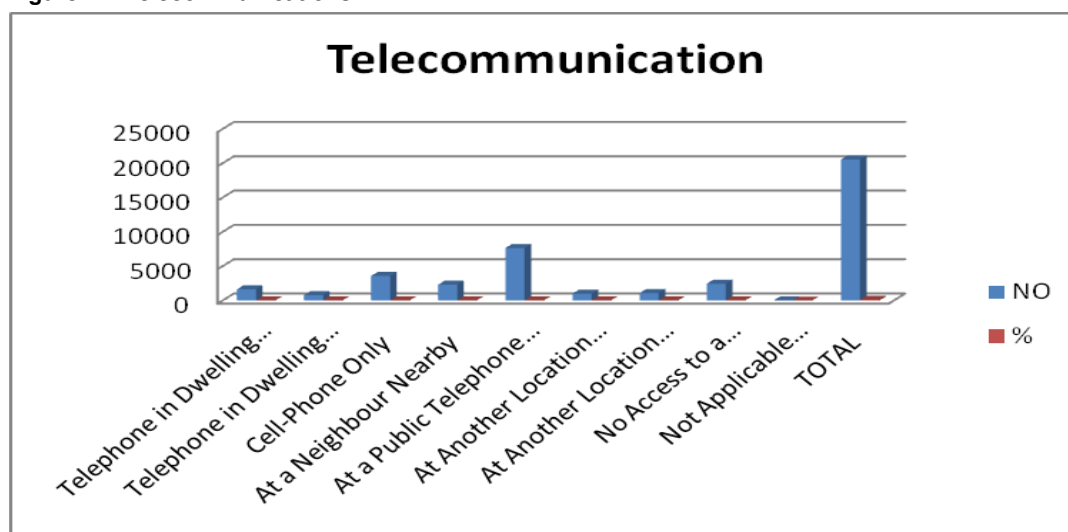
The IDP identifies the following key issues in terms of housing:

- High prices of privately owned land a lack of land to build houses;
- Private shack settlements as an income-generating activity;
- Urbanisation results in growing number of informal settlements;
- Speculation in up-market housing, especially in areas outside any Strategic development framework: This results in adhoc development and cost inefficiencies;
- The lack of funding and the non-alignment of municipal and government department budgeting processes;
- The lack of bulk services for housing developments

3.7.8. TELECOMMUNICATIONS

The municipality is the primary node of the district municipality of Harry Gwala and services an area beyond its boundaries for a range of activities. The Kokstad town is also a border town and services as a gateway to KZN from the Eastern Cape Province and Lesotho this therefore makes communication in and around the town one of the important services that can create an enabling environment for businesses and government offices. The graph below depicts the different type of telecommunication used with the Greater Kokstad Municipal Area.

Figure 12: Telecommunications



Source: Statistics SA census 2011

3.7.9. SERVICE DELIVERY & INFRASTRUCTURE: SWOT ANALYSIS

Table 30: Basic infrastructure: SOWT Analysis

STRENGTH	WEAKNESS
<ol style="list-style-type: none"> 1. Energy master plan developed and implementation to commence shortly 2. There is a number of housing projects that are under construction 3. Basic infrastructure (water, housing and sanitation) is in place 4. There has been an increase in the number of households with access to running water within the yard. 5. The municipality provides subsidized electricity and other services to indigent households 	<ol style="list-style-type: none"> 1. Legacy of apartheid left GKM spatial disintegrated 2. Lack of attractive Infrastructure 3. Need incentives to attract Investment 4. High property prices 5. Ageing infrastructure of water, sanitation and transport channels. 6. Limited Land availability
OPPORTUNITY	THREATS
<ol style="list-style-type: none"> 1. New roads under construction 2. Council prioritizing and budget for infrastructure Influx of people into the town-service area 	<ol style="list-style-type: none"> 1. Housing delivery delayed 2. Electrical infrastructure is aging 3. Pressure on the existing electricity systems

3. There are sufficient systems in place to manage waste 4. There is a poverty alleviation systems (food for waste programme) in place 5. Housing and Electricity backlog is currently being addressed through the municipality Slums Eradication initiative (Horseshoe, Phase two Shayamoya and Franklin housing projects)	4. Ageing infrastructure is placing the council under pressure to refurbish 5. Low quality of roads are causing the municipality's maintenance costs to rise and inconsistent appointment of contractors 6. An increase in the number of waterborne sewerage system connections has added pressure onto maintenance costs 7. Limited Land availability for development <ul style="list-style-type: none"> o Dumping of refuse haphazardly has become a problem especially outside the Kokstad town
---	--

3.7.9.1.PRIORITY DEVELOPEMNT ISSUES IDENTIFIED FOR THIS SECTION

PRIORITIES	ISSUES IDENTIFIED
WATER AND SANITATION	1. Most households have access to water and sanitation, there remain substantial backlogs that need to be eradicated. 2. Water services infrastructure in Greater Kokstad Municipality needs upgrading and ongoing maintenance. 3. Ways of reducing inefficiency, waste and water loss need to be investigated. 4. The urban areas has proper water borne sanitation systems, but rural areas still rely on pit latrines or no system at all. This places tremendous strain on the environment and poses a health risk.
WATER DISPOSAL	1. Currently 100% of urban households within the whole municipality are covered by a waste collection system, whilst no rural households are covered. 2. Dumping of refuse has become a major problem, particularly in areas outside the Kokstad town. This poses serious environmental problems and risks. Efforts are needed to increase people's awareness of the advantages of good waste management practices. 3. The projected population increase implies an increase in the amount of refuse to be generated. Serious attention should be given to refuse management. 4. Inability to identify suitable available land for a future land fill

	<p>site. The municipality will consider exploring the option of expropriating suitable land for a land fill.</p>
ELECTRICITY	<ol style="list-style-type: none"> 1. The Greater Kokstad Municipality's predominant source of energy for lights is electricity followed by candles. 2. The bulk of the urban households have access to household electricity. 3. Electricity provision at schools and health facilities are especially critical. 4. To ensure the electrical capacity required and the provision of alternative energy the municipality has developed an energy master plan
TRANSPORT	<ol style="list-style-type: none"> 1. Poor condition of provincial and district roads, and town roads due to poor standard of storm water management drainage and lack of maintenance. 2. There are various district roads in the area together with smaller farm or agricultural roads. In practically all instances these roads are in a poor condition and in need of upgrading. 3. The poor road network and infrastructure makes access to farms, markets and other business centres difficult and essentially will create delays in the delivery of goods and production of goods. 4. There has been a decline in the transport sector with the closure of the Railway.
HOUSING	<ol style="list-style-type: none"> 1. A lack of land to build houses and where private land is available, the landowners (farmers) are asking very high prices. 2. Some landowners within the municipality are encouraging shack settlements as an income- generating activity. In most of the cases these people are staying in very unfavourable and squalor conditions, with no access to water and basic sanitation. 3. The provision of engineering services and infrastructure often hampers the effective development of sustainable human settlements. 4. The rapid growth of the Kokstad town has attracted many

	<p>people, especially from outside the borders of Greater Kokstad in search for employment opportunities. This has resulted in the growing number of informal settlements.</p> <ol style="list-style-type: none"> Up-market housing is a lucrative market in the certain parts of the Kokstad town characterized by speculation. However, this occurs outside any strategic development framework, resulting in ad hoc development and cost inefficiencies. It has become critical to earmark development boundaries to facilitate more effective and efficient delivery of infrastructure and services. The lack of funding and the non-alignment of municipal and government department budgeting processes. The lack of undertaking to provide the required bulk services for housing needs delays housing developments.
CEMETRY	<ol style="list-style-type: none"> New housing developments necessitate the need for more cemeteries in the area. Need for cemetery development plan.

C.5. – 3.8. LOCAL ECONOMIC DEVELOPMENT

3.8.1. MAIN ECONOMIC CONTRIBUTORS

Greater Kokstad Municipality is the largest economic centre within the Harry Gwala District Municipality, as measured in terms of Gross Domestic Product-Rate). The GDP-R is a measure of economic performance by which the final value of goods and services produced in the economy is estimated. According to the Global Insight, 2011 the level of Greater Kokstad Municipality GDP-R is measured in a percentage form. The contribution of Harry Gwala District Municipality towards the KZN GDP is constant whereas the Harry Gwala Local Municipalities (including the Greater Kokstad Municipality) contribution towards the Harry Gwala District Municipality illustrates an incline of 0.5% GDP-R in 2005 and 2010. The table below shows the summary of the contribution of GDP-R within the District Municipality and Harry Gwala Local Municipalities.

Table 31: GKM Contribution to Gross Domestic Product Rate

GKM % Contribution by Harry Gwala towards KZN GDP-R			GKM % contribution by Harry Gwala LMs towards Sisonke DMs GDP-R		
2001	2005	2010	2001	2005	2010
0.3%	0.3%	0.3%	23.2%	23.7%	23.7%

Source: Global Insight, 2010

The economic sectors are differentiated into three sectors, primary sector, secondary sector and tertiary sector. According to the Global Insight (2011) states that tertiary sector recorded the highest sector in the Greater Kokstad Municipality with the level of 12.40%. However the major economic sectors in the Greater Kokstad Municipality are agriculture, government and community services followed by wholesale and retail. The remaining sectors (manufacturing, business services and construction) are relatively small but appear to play significant role in the local economy.

3.8.1.1. INCOME LEVELS

The table, below, shows the average Individual Monthly Income (Percentage of employed). There has been an increase in the number of people with no income and also an increase in the number of people earning between R1-R1400. This doesn't paint a good picture about the employment status in the greater Kokstad.

Table 32: Average Individual Monthly Income in percentage

	Greater Kokstad LM(stats 2001)	Greater Kokstad LM(stats 2011)
No income	2.24	38.2
R1 - R400	13.77	17.00
R401 - R800	16.96	4.80
R801 - R1600	22	13.0
R1601 - R3200	19.01	6.00
R3201 - R6400	13.96	3.60
R6401 – R12 800	7.48	4.00
R12 801 – R25 600	2.96	2.30
R25 601 – R51 200	0.98	0.60
R51 201 – R102 400	0.37	0.10
R102 401 – R204 800	0.18	0.09
R204 801 – More	0.11	0.05

Source: Statistics South Africa, Census 2011

The population earning within R6401 – R12 800 are predominately employed in the government and community services sector.

3.8.1.2. GROWTH AND UNEMPLOYMENT

Despite growth in most sectors the municipality has however experienced higher and rising unemployment rates (30.80%). The following are some of the reasons for the continued and rising unemployment in the municipal area:

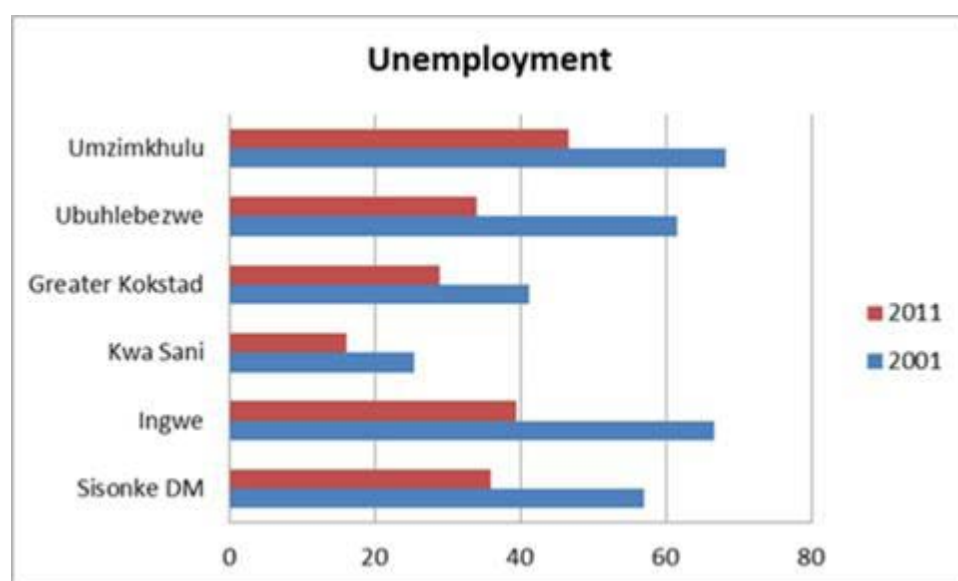
Growing sectors such as Finance are not necessarily major employers and also require skills that the GKM cannot offer such finance, actuarial technicians, etc. This general structural problem (skewed labour supply not aligned to industry needs) coupled with lack of new investments in the agricultural sector, construction (which predominantly short term and unsustainable) and declining manufacturing sector hampers local employment creation opportunities.

There are more new job seekers than the market can absorb. This challenge is compounded by the fact that most people from the neighbouring municipalities tend to settle in GKM because of better prospects of finding employment than in generally depressed economies where they come from.

3.8.1.3. EMPLOYMENT

Kokstad Municipality experiences challenges in terms of employment, due to high migration of people from the Eastern Cape and Lesotho into the area in search for employment opportunities. The municipality is therefore faced with a challenge of planning, providing basic services, housing and creating employment opportunities for its growing communities.

Figure 13: Employment Status according to the population



Source: Stats SA census 2011

MUNIICPALITY	2001	2012
HARRY GWALA DM	57	36
INGWE	69	39
KWA SANI	25	16
GRETAER KOKSTAD	41	29
UBUHLEBEZWE	62	34
UMZIMKHULU	68	47

In terms of Statistics, census 2011 the employed population from the economically active comprises of approximately 19 000 people. The remaining 7 000 are unemployed. Approximately 16 000 people of Greater Kokstad are not economically active.

The agricultural sector employed the highest number of people. A survey conducted by Global Insight in 2003 shows that agricultural sector employed 3 654 followed by households (1 320), trade (1 233), community services (1 233), finance (481), manufacturing (227), transport (95), construction (82) and electricity (26).

It is important to note that despite the higher employment in the household sector the quality of jobs and wages paid remain a challenge notwithstanding the Department of Labour's Wage Determination for Domestic and farm workers. However, its importance in providing many households with income cannot be undermined. To resuscitate the GKM economy in a manner that enables it to create more jobs will require higher levels of growth in particular in the Agriculture and Manufacturing sector. This is mainly because of the potential and competitive advantage that the GKM has. Other important job creating sectors include Trade, Construction and the Services Sector. It is within this basis that GKM and KZN provincial treasury have initiated a multi-million rand light industrial park within the Bhongweni area.

Formal sector employment in the GKM once again indicates the importance of the agricultural sector followed by the trade, households, finance. The low employment in the manufacturing sector indicates the decline in the importance of the sector as the job creator in the GKM economy.

Table 33: Formal Sector Employment

	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services	House holds	Total
Harry Gwala DM	10,558	0	988	55	144	2,935	369	928	4,429	3,143	23,550
GKM	3,654	0	227	26	82	1,233	95	481	1,233	1,320	8,353

Source: Global Insights

The agricultural sector employed the highest number of people in 2003 with 3 654 employed followed by households (1 320), trade (1 233), community services (1 233), finance (481), manufacturing (227), transport (95), construction (82) and electricity (26).

3.8.1.4. MUNICIPLA COMPERATIVE AND COMPETATIVE ADVANTAGES

Kokstad town is providing jobs, services, retail areas, a transportation hub and living spaces in close proximity to amenities for those living and working in the area as well as for those willing to travel to it.



Figure 14: A structure showing Kokstad town as an attractor

According to (ISDP status quo report: 2012) education and retail are main attractors ---50% of people choose to live in Kokstad because of these 64 %people coming from outlying

towns: mount Ayliff (18%), flagstaff (4%) Mthatha (3%), Lusikisiki (3%), matalele (5%), uMzimkhulu (5%) and Bizana (5%) and others. Retail range includes significant proportion of national chains, locally owned retail and spaza shops. Significant national retail chains dependant on road based transport and generating pollution via road freight. Significant numbers of regional government services (health, justice) draw people to kokstad to access services and jobs. High demands for short term and rental accommodation for people working in the Eastern Cape as well temporary residents / contract workers.

3.8.1.5. DETRACTOR

The key detractors are the poor quality of local roads, the lack of employment opportunities, and crime. Failures of government service provision (water and electricity cuts, poor sewerage management, the small size of RDP houses) collectively form another major detractor (GKM IDP: 2011) the lack of entertainment opportunities is noted in the 2011 LED master-plan as a major shortcoming with respect to the attractiveness of Kokstad as a place to live. People also travel long distances from Kokstad - mainly to Port Shepstone and Durban - for tertiary education and entertainment. While Kokstad has a large number of primary and secondary schools servicing the broader region, there is an urgent need for locally based tertiary training. The lack of recreational and sports activities in the town is considered a significant problem for the youth, who also suffer very high unemployment levels.

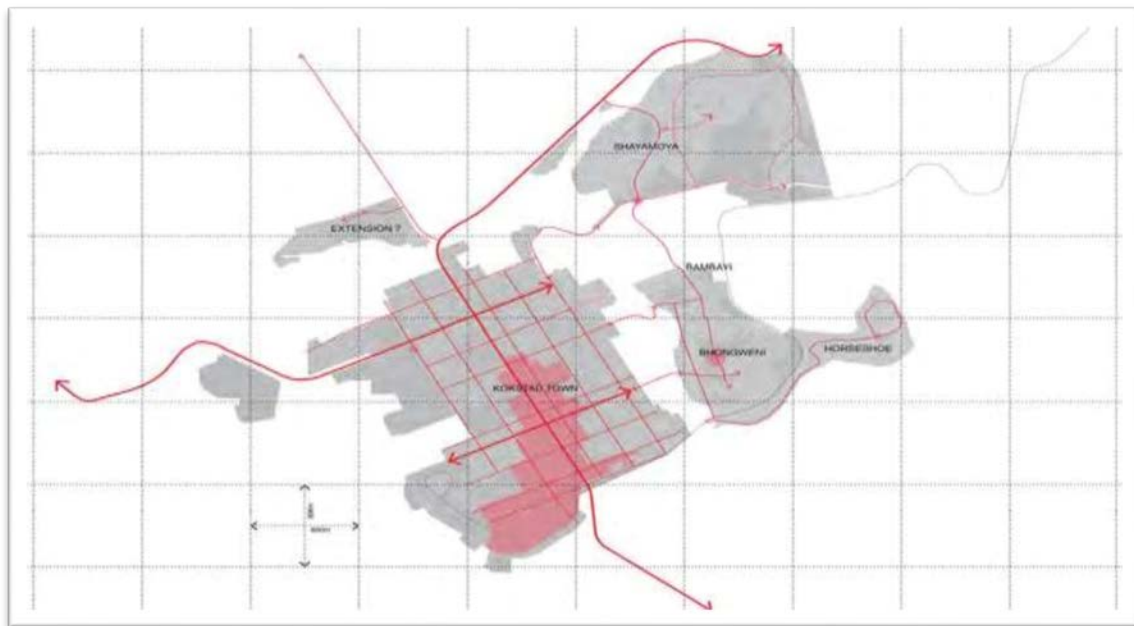


Figure 15: Town Settlement Structure

One of Kostad's defining characteristics is that of a town within the countryside. It's compact settlement footprint which makes it accessible and convenient and offers a connection with the landscape and surrounding mountains that would be envied in many cities of the world. This close relationship with nature should be protected as an asset that will support the long

term attractiveness of the town. These links with nature are reported in policy documents such as the LED master plan as qualities that attract people to live in Kokstad. While the river valleys and natural areas currently entrench segregation between the fragmented parts of Kokstad, they also offer an opportunity to integrate the town and give it a new heart.

Kokstad suffers from severe spatial and socio- economic segregation as a result of the topography, reinforced by apartheid planning legacies, the settlement footprint of Kokstad is made up of 5 distinct isolated parts located on hilltops separated river valleys and hilltops; Kokstad Central, Bhongweni, Shayamoya and Extension 7 linkages between the separate settlement areas are limited with few bridge links across the rivers.

While Kokstad central is well connected into the wider region, linkages beyond the Bhongweni and Shayamoya into the region are limited with the result that these areas are isolated with limited through routes and limited access and convenience.

In terms of equitable access, facilities and opportunities are not distributed equitably across all parts of Kokstad. High density, mono-functional townships are removed from the integrated but low-density historic town. Services and economic activity are concentrated in the historic CBD core with little to no meaningful economic opportunity with the adjacent townships. In relation to the concept of “neighbourhood completeness” (far, sustainable urbanism: urban design with nature, 2008), 797ha (50% of the urban area) is within 800m walking distance of zones that support commercial and/ or industrial development. Most of Bhongweni and the whole of Shayamoya and extension lie outside this area.

At approximately 4km x 4km in extent, the scale of Kokstad makes it highly accessible on foot and by bicycle. However, the experience of pedestrian and cycle users could be greatly enhanced as real accessibility and convenience are also depend more than simple distance. As the townships are approximately 2km from the CBD and therefore max 25 minutes to 3/4 hr. walking time, most people can reach basic essential services on foot within this time. Sustainable settlement targets promote a maximum walking time of 20 minutes to reach services and opportunities required on a daily basis. The number of people that can travel in a public transport vehicle can far exceed the number of people that can travel in a private vehicle. This makes the use of public transport more energy efficient and again the priority in relation to sustainability.

There are currently several ranks located within 300m of each other within Kokstad which are not physically connected to each other; the main bus rank is located on the corner of Groom Street and main road on the periphery of the CBD. This rank caters too long distance commuters and has sufficient capacity. The Kokstad taxi rank off dower road operates as a long-distance/interprovincial rank and is therefore not surprisingly “empty” at peak hours, but over-utilized at midday. Management of parking/ranking at the rank is problematic leading to congestion. A smaller taxi rank operates off dower road from behind the rhino plaza. This rank services commuter minibuses and is over utilized and congested. There is a small taxi rank at Shayamoya servicing commuter taxi's that requires an infrastructure upgrade.

There is evidence of some of the local mini-bus taxi routes between the CBD, Shayamoya and Bhongweni townships been upgraded? Shelters are provided at some of the mini-bus taxi stops along various routes but infrastructure for the local commuting routes is not well established and requires intervention. There are minimal bakes, taxis in these areas (not as many as in other rural KZN / EC towns). Informal / illegal Bakkie taxis should be phased out

and replaced by the minibus taxi, provided that rural roads are of good quality. According to the Harry Gwala District PTP, the capacity of the Kokstad taxi rank is extremely stressed at more than 100% utilization.

3.8.1.5. KOKSTAD CBD

Kokstad CBD, in common with most South African CBDs, is experiencing a gradual but constant process of physical and economic deterioration and decline. However in response to the above current situation, Greater Kokstad municipality in partnership with Harry Gwala District Municipality has conducted an urban regeneration study which aims to achieve the following outcomes:

Guide the decision makers towards the right direction for the implementation of plans guide the local economic development vision of the municipality which is to ensure an economical vibrant city by strengthening and diversifying of economic sectors thereby delivering sustainable and affordable services in a safe and healthy environment. Improve the physical appearance of the town, allow better functioning and attract investors as well as tourist to the area.

The Greater Kokstad Municipality has also obtained funding from the Kwazulu-Natal department of cooperative governance and traditional affairs through the small town rehabilitation programme to assist the municipality on face lifting its town. The project under this programme entails the rehabilitation of storm water drainage in Kokstad town, provision of parking and sidewalks, urban greening, streetlights and market stalls. The municipality is confident that the implementation of the programme will build the confidence of the investors to invest in the kokstad town. This will further boost and contribute to the economic growth of the Greater Kokstad Municipality.

The Greater Kokstad Municipality has further developed a development charter with the assistance of the development bank of South Africa (DBSA) which has received an enormous reception by all the intended audience. The main aim of the charter is to ensure that all future development initiatives and projects are sustainable, and has a buy-in of all organized stakeholders as the basis for exploiting the potential of Greater Kokstad Municipality and for the benefit of the community. Through this charter the municipality in partnership with DBSA has prepared an integrated sustainable development plan (ISDP) which is a long term (2040) plan for Kokstad. The purpose of ISDP is to integrate and harmonize issues and potential of human well-being, economic development and environmental integrity.

3.8.1.6. ECONOMIC DEVELOPMENT OPPORTUNITIES

The strategic location of Greater Kokstad Municipality along the N2 development corridor that links the area to the major economic nodes such as Port Shepstone and Durban and in the Kwazulu-Natal province and Umtata in the Eastern Cape Province offers good

investment opportunities. Therefore, Greater Kokstad an advantage of strategically re-aligning the district into a competitive and attractive investment destination.

The strategic positioning of GKM is to be an area of choice for investors and the best place to visit and settle in. This positioning is informed by the strategic location of GKM within the district and neighbouring municipalities such as Mzimvubu, Matatiele, Ntabankulu and Bizana. In addition, GKM enjoys a competitive advantage because of its relatively developed infrastructure. The existence of the railway line within the municipality gives it an added advantage because once rehabilitated it will ensure improved and efficient markets access.

3.8.1.7. LOCAL ECONOMIC DEVELOPMENT

Greater Kokstad Municipality has developed a Local Economic Development Strategy. The strategy entailed the preparation on an in depth sector analysis of, amongst others, employment, infrastructure and agriculture. The role of each of the above was analysed with regard to the Local Economic Development. For example, the role of education and HIV/Aids impact on the skill level and availability of labour in the municipality; the provision of basic services relates to both health and availability of time resources for economic activities. The following GKM Local Economic Development goals are contained in the strategy:

- A holistic, vibrant and sustainable agricultural and forestry sector
- Market and Promote GKM as a Regional Economic Hub
- Develop GKM as a manufacturing and processing hub
- Enhance Enterprise and Community Development and Support
- Strengthen stakeholder participation to enhance co-operative governance
- Create a safe and secure destination that promotes tourism and settlements
- Human Capital Development

The following comparative and competitive advantages of Greater Kokstad Municipality are provided in the above strategy:

GKM enjoys a competitive advantage because of its relatively developed infrastructure. The existence of the railway line within the municipality gives it an added advantage because if rehabilitated it will ensure improved and efficient markets access. The agricultural sector dominates the municipal economy. The products that dominate include livestock (dairy, beef and sheep production), niche products suited to the local climatological conditions (stone fruit, hazel nuts, citrus farming, and cropping (potatoes, maize, soya, essential oils).

The municipality is crossed by a number of main transportation routes such at the N2 The Greater Kokstad Municipality is crossed by a number of important transportation routes, such as the N2 Development Corridor that links the area to the major economic hubs such

as Port Shepstone and Durban and in the KwaZulu-Natal Province and Umtata in the Eastern Cape Province.

The town of Kokstad has a good location being on the N2 between the north east and Umtata in the South. Other regional access roads include the R56 to Cedarville and Matatiele in the west and the R617 to Franklin, Swartberg, Underberg and Pietermaritzburg in the north of the municipality.

3.8.1.8. AGRICULTURE

Agriculture is an important sector for the Greater Kokstad Municipality economy. The municipality needs to consider the impact on agriculture on all other economic activity and identify ways to preserve and strengthen this sector as a viable economic mainstream. There are various levels at which the enhancement of this sector can target Agri-processing for the purposes of commercial production aimed at creating sustainable livelihoods and developing economic capacity. The “tried and tested” agricultural enterprises that dominate in the Greater Kokstad Municipality include:

Table 34: Tried and Tested agricultural enterprises

Livestock	Cropping	Viable alternative crop
Dairy	Potatoes	Soya
Beef	Maize	Apples
Sheep	Vegetables	Berries, Essential oil
		Stone Fruit, hazel Nut Production (successful hazelnut production under Ferrero Roche Nut Farm at Franklin)

In 1998 dairy products contributed 41% to the Gross Agriculture Output of the sub region, followed by beef and maize, which contributed 18%. Sheep also made a significant contribution of 12%. The least contributors to Gross Agricultural Products were potatoes and cabbages, 3% and 6% respectively.

3.8.1.9. TOURISM

The tourism sector has enormous potential in the Greater Kokstad Municipality area and the municipality has identified the need to improve and enhance the tourism sector. At the moment there is a growing interest in the Greater Kokstad Municipal area for its environmental, cultural and off road experiences. This is an important economic sector in the municipality and requires careful stewardship of the environment by the municipality and government agencies. The tourism assets base for the Greater Kokstad Municipality is shown on the following table.

Table 35: Tourism Asset Base

Primary Tourism Attractions	<p>The wetlands in the Franklin area for avi-tourism</p> <p>Singisi Forest for trails, avi-tourism, biking and hiking</p> <p>Nsiken Nature Reserve</p> <p>Mount Currie Nature Reserve</p> <p>Cultural Heritage Experiences</p> <p>Local museums – Kokstad Museum</p> <p>Monuments and sites of historic interest – Adam Kok's Monument and laager /</p> <p>Religious sites (multi denomination places of worship / Kokstad Town hall Precinct (with bandstand and CMR Memorial) /Scouts Monument</p> <p>Hiking trails – 9 Venues</p> <p>Horse trails – 4 Venues</p> <p>Duck hunting at Franklin</p> <p>Aqua sports at Crystal Spring Dam</p> <p>Fly fishing under auspices of angling clubs</p> <p>Sports (multi venue)</p>
Secondary Tourism Attractions	<p>Agro tourism – farm stay</p> <p>Event Based tourism</p> <p>Cycling</p> <p>Triathlon – Crystal Springs</p> <p>Multi activity at various venues / facilities</p>
Visitors Facilities	<p>Visitors Information outlets at Mt Currie Inn, Swartberg and Kokstad Museum</p> <p>Accommodation: B&B (+_45), Hotel (1), Self-catering (5), Lodges (5)</p> <p>Hard infrastructure – access roads and signage</p> <p>Essential services – hospitals, medical, breakdown, police, banking</p>





Pictures of the Shayamoya Eco Park which will be completed in June 2015 that the won

3.8.1.10. MANUFACTURING & INDUSTRIAL OPPORTUNITIES





The Newly Developed Light Industrial park

Various sites in the Greater Kokstad municipality are zoned for industrial development within Kokstad town, although most of these sites have been used mainly for warehouse and wholesale/retail activities. It is interesting to note that considerable opportunities exist in the Greater Kokstad municipality for extensive agri-business and Agri-processing initiatives, in particular in the form of value-addition and processing in the dairy sector (Greater Kokstad has a world class dairy farming capability) and the beneficiation of fruit and crop varieties suited to the local climate.

Most of the manufactured items within the municipality are imported; the development of manufacturing industries can prove to be a major boost in the economy of the municipality. One of the catalytic projects that have been identified to address this is the Light Industrial Park at the town of Kokstad to provide suitable manufacturing and trading space for emerging SMMEs.

The revitalisation of the old railway line that traverses the jurisdiction has the potential to contribute significantly to the location, development and extension of manufacturing and industrial activities within the Kokstad Town.

The major impediment to local economic development is that the municipality has been unable to allocate a budget for local economic development for the past two financial years. In addition, the 2015/16 budget makes no provision for a vote for the local economic development function.

3.8.1.11. SERVICES (SMALL TOWN REHABILITATION PHASE 2)



This section reviews the role of retail, trade and other services in the Greater Kokstad CBD. A consumer survey was done in July 2011 over 5 days at the Kokstad CBD it details the results of over 100 Consumer questionnaires. Only 34% of consumers interviewed in Kokstad actually live in Kokstad. A large 66% came from other areas to shop in Kokstad. Approximately half of those came from areas in the Eastern Cape. This shows that Kokstad town serves as a 'shopping mall' for people from other areas. This is excellent for GKM's economy and is currently a major driver of economic growth. It is vital that this advantage is maintained and that development continues to flow into the services sector. Over 30% of consumers were in town to do bulk or top-up grocery shopping. 18% were there to buy clothes and shoes, while 13% were there for work reasons. The majority of people who stated a second reason for being in town included shopping for clothing and shoes and work as their reasons. This graph shows the importance of supermarket outlets in Kokstad in attracting people to Kokstad. The creation and retention of small, locally owned supermarkets could serve to harness some of the benefits of this economic activity. The supply of locally grown produce to these retailers should also be investigated. The graph also shows the wide variety of activities that are undertaken in Kokstad. Further expansion and diversification of the tertiary sector should be encouraged as there is a demand. Interviews suggested that there is not a supply of furniture and home decoration stores in Kokstad.

It was found that everyone who lives in Kokstad uses Kokstad for all these items/services except for entertainment – 6% of people who live in Kokstad travel to Durban for entertainment and 3% travel to Port Shepstone. This shows that there is potential to develop an entertainment sector within Kokstad as there is a demand that is going elsewhere to purchase. This desire for entertainment was picked up throughout telephonic interviews as well. After dark, Kokstad has almost no activity. This lack of entertainment also includes day time activities for children and adults such as sports clubs, hobbies and recreational parks. The new sports complexes in Bhongweni and Shayamoya should serve to relieve some of this demand. However, while it is clear that there is some demand, the question of whether there is sufficient demand and willingness to pay in order to sustain a viable business opportunity needs to be further investigated.

3.8.2. LOCAL ECONOMIC DEVELOPMENT: SWOT ANALYSIS

Table 36: LED SWOT

STRENGTH	WEAKNESS
<ol style="list-style-type: none"> 1. Relatively developed infrastructure 2. Well established agricultural sector in the municipal economy. 3. Well-structured and active Chamber of Business 	<ol style="list-style-type: none"> 1. Lack of investments to establish timber production, citrus farming, livestock (dairy, beef and sheep production) and cropping (potatoes, maize, soya, essential oils). 2. Lack of investment towards the finance and construction sectors and the unavailability of required skills by such sectors 3. The Tourism sector as an economic contributor has not been well developed thus far and more investment needs to be channelled towards developing this sector 4. High unemployment rate
OPPORTUNITY	THREATS
<ol style="list-style-type: none"> 1. An Agri-Processing opportunity exists in the GKM since a number of agricultural goods are being produced locally. 2. The municipality is crossed by a number of main transportation routes such as the N2 and R56 providing a number of opportunities. 3. Increase wireless connections-need to identify 4. Wi-Fi hotspots to strengthen tourism through technology 	<ul style="list-style-type: none"> ▪ Climate change heavy Snow ▪ The percentage of people earning below R1600 has increased between 2007 & 2011 ▪ Influx of people from neighbouring municipalities is causing a challenge for creating job opportunities ▪ Low salary scales by industries which absorbs more of GKM's labour force ▪ Aging infrastructure

The issues identified in the SWOT Analysis have been considered in the Municipal Strategic Plan.

3.8.2.1. ECONOMIC KEY ISSUES CONCLUDING SUMMARY

The following priority development issues were identified for this section.

Local Economic Development

- ❖ Building of Capacity: internally and externally;
- ❖ LED contributes to alleviating poverty & job creation;
- ❖ Access to financial support & services;
- ❖ Support to SMMEs;
- ❖ Infrastructure Development to support LED;

- ❖ Collective ownership by all stakeholders of the way forward (Political, Administrative, Private Sector, Community etc.).

Local Tourism Development

- ❖ Institutional development and management
- ❖ Harness tourism opportunities
- ❖ Tourism operations

Agricultural Development

- ❖ Support Agricultural Development
- ❖ Alignment with Department of Agriculture
- ❖ Support cooperatives that are involve in agricultural production

Business & Industrial Development

- ❖ Attraction of outside Investment
- ❖ Retention of existing investment
- ❖ Sustainable Business Development
- ❖ Sustainable Industrial Development

Economic development challenges

While significant progress has been made in many areas of economic development within GKM, there is still some distance to go towards comfortably addressing the following challenges.

C.5.2. – 3.9. SOCIAL DEVELOPMENT ANALYSIS

Social and community development deals with various issues ranging from health services to education and the provision of community facilities. As such, community upliftment and awareness in matters of gender, HIV/AIDS/communicable diseases are of importance here.

3.9.1. EDUCATION

An application of planning standards for education facilities reveal that the majority of secondary schools are within the prescribed 3km and 5km walking distance for primary and secondary schools respectively.

Training facilities like the FET College and the Agricultural College are not functioning, indicating a lack of tertiary and training facilities in GKM. The need for tertiary facilities was also highlighted in the household survey, conducted as part of the LED Master Plan.

The Department of Education has administrative regions that bear no resemblance to the boundaries of the Local Municipality. This complicates the coordination of planning and development related to school based education. The primary challenges are the poor condition of classrooms and the lack of utility services linked to these classrooms. In the rural areas specifically, the quality of classrooms is not conducive to achieving appropriate education levels.

A need exists to ensure that the range of subjects offered at schools are in line with the general economic development strategies of the Municipality ,e.g. should agriculture and tourism be viewed as growth sectors in the economy. The DOE should consider approaches to introducing related subjects at schools. Entrepreneurial development and access to information technology are seen as essential for ensuring the future integration of the economy of the Local Municipality & District into the global economy.

3.9.2. HEALTH

The majority of the health services are located within Kokstad town. Health services are available in the form of Primary Health Care Services offices and East Griqualand Usher Memorial Hospital. The Department of Health is implementing the District System, which aim sat achieving the highest level of health services at a local government level. These include the following patients from Kokstad, Swartberg, Franklin and UMzimkhulu with cross borders from Mt Ayliff, Ntabankulu, Mt Frere, Lesotho and Bizana. The hospital was the first to be awarded Baby Friendly Status in the Harry Gwala District.

The Kokstad clinic, Gateway Clinic and Family Planning clinics are the three clinics within the Greater Kokstad Municipality Area. The Kokstad District is mainly responsible for operating mobile clinics in rural areas and family planning clinic in Kokstad. The area has a severe backlog of clinics and there is a need for construction of well-equipped clinics. A psychiatric clinic exists in the area, but lacks proper premises and equipment. There are two mobile clinic teams in the area, which provide comprehensive primary healthcare in rural areas, including farms. The visits are mainly and sometimes twice a month. There is also a School Health Services Team responsible for promoting health hygiene in schools.

A number of private doctors are also found in the CBD; Kokstad Private Hospital opened in 2005 with 12 beds and has since grown to 36beds. It serves the people with a 180km radius. Kokstad Private is a family community hospital and offers a wide range of medical services, including General Surgery, Gynaecology and Obstetrics, High Care, Ophthalmology, Orthopaedics, Paediatrics, Urology, 24 hour Accident and Emergency Unit.

3.9.3. SAFETY AND SECURITY

Being mindful that Crime levels have an impact on economic development, safety and security in an area requires focused attention to align with the economic objectives and their related impacts/ outcomes for the municipal area. The dominant type of crime currently is burglaries, especially in areas of high population density. Inadequate police presence, lack of police stations in rural areas needs to be addressed, in addition to a more visible municipal

traffic police.

3.9.4. COMMUNITY DEVELOPMENT (VULNERABLE GROUPS & YOUTH DEVELOPMENT)

3.9.4.1. Welfare

The main component of the Social Security Programme implemented with-in Greater Kokstad Municipal area is the distribution of social pensions which comprise a large part of the overall welfare budget. A number of pensions are included in this programme, most notably old age pensions, child support grants and disability grants. A key issue impacting on planning and development is the general dissatisfaction of pensioners regarding access to pension payment points, both in terms of location and number. The Social Welfare Services Programme is aimed at directly addressing social support needs at an individual, groups or community level. Social workers assist individuals and groups to address a variety of problems and situations, the focus being on the youth, elderly, victims of crime, people with disabilities, substance abuse, special needs such as HIV/AIDS, and women. Access to these services and programmes seems to be limited and not well coordinated.

In addition, there is a lack of alignment between various sectors including municipality with Social Development to have necessary impact (i.e. special programmes done by municipality but not aligned with Social Development and other stakeholders programme and projects).

3.9.4.2. Poverty Alleviation

There is no coordinated, targeted approach towards poverty alleviation by the various stakeholders within the municipal area. Different departments are implementing their poverty alleviation programmes in isolation of one another. The impact therefore is not what it could be if there was a coordinated, integrated and targeted approach towards poverty alleviation. Operation Sukuma-sakhe has received much attention during the 2012/13 and the 2013/14 financial years and the municipality is beginning to see the results in terms of a coordinated approach to poverty alleviation.

3.9.4.3. Marginalized Groups

The municipality has special programmes to address the needs of marginalized groups, these, however focus predominately on “events” rather than sustainable developmental programmes. In addition there is no coordinated, integrated approach between the different stakeholders in their strategies and approaches and interventions regarding marginalized groups.

3.9.4.4. Improved Community Involvement

- To ensure that community involvement is improved the following will be undertaken:
- IDP Road-shows, two to three per ward depending on size of ward are held, and will continue to be held annually;
- Monthly ward committee meetings with support from ward committee clerks;
- Use of local newspapers (Advertiser and East Griqualand Fever) for placing of public notices;
- The Council meetings are open for members of the public to attend.
- IDP related programmes are published in the quarterly GKM Newsletter
- Regular up-dating of the website and utilization of it as medium of communication, and to encourage participation.
- Public notices located within strategic locations of the municipality.
- IDP Alignment Stakeholder Forum meetings
- Greater Kokstad Municipality publishes its Annual Report.

3.9.4.5. Development of the People with Disabilities, Elderly, Women & People Affected By Crime, HIV/AIDS, Drugs, Etc.

There is a need for more strategic and driven **HIV/AIDS** awareness programmes as the level of AIDS related deaths, especially amongst the youth is high. It is imperative that there is buy-in from communities if the programmes and campaigns are to be successful.

According to a 2005 publication of Development Bank of Southern Africa, the KZN population that was HIV positive during 1991, 1996 and 2001 was, 40000, 634000 and 1643000 respectively-the highest concentration of HIV positive people in South Africa. The following effect of HIV/Aids social should be noted:

- Poorer households are more vulnerable and the epidemic is therefore likely to deepen poverty and compromise upward mobility;
- A greater demand for additional healthcare facilities; and
- A greater demand for financial and welfare support for orphans

3.9.4.6. Community Needs

Greater Kokstad communities were asked through IDP Roadshows conducted to all wards to identify community needs for their respective wards. For this exercise to be successful community leaders were asked to involve all community role players. Responses were received from all ward committees and ward councillors as well as from the Kokstad Residents Rates Payers Association and Kokstad Chamber of Commerce. These community needs can be classified as follows:

Table 37: Residential needs per ward as per the November 2014 IDP road shows

WARD 01

No.	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.
01.	Housing	There is still a major housing backlog within the region and this housing shortage still needs to be addressed	Dept of Human settlements	IPD
02.	Sanitation	A large portion of the ward still utilizes pit-latrines and many are full and have not been drained causing health hazards.	Sisonke District Municipality	IPD
03.	Job Creation Strategy	There is a pressing need for the LED projects focusing in Job creation and Promotion of SMME's and Cooperatives	DED, DOT (EPWP)	OMM – LED
04.	Network – television	Television reception was identified as a need in the area because many homes don't have access to television reception	Dept of communications	OMM
05.	Pres-school	The community requested a pre-school at the Zolani Area	DSD & DOE	OMM
06.	Netball Ground	Zolani MPhil area youth raised a need of playground for netball to keep the unemployed youth busy and free from crime	Sport and Recreation Dept	OMM
WARD 02– KRANSDRAAI				
01.	Housing	A large housing backlog was identified especially in the Wynsberg region where the living conditions were seen to be the worst in terms of housing provision.	Dept of Human settlements	IPD
02	Library	A need for establishment of a library in the area was identified.	DAC	SCD
04.	Network pole	It was noted that majority of the area did not have telephone reception and that network poles were a need in the community.	Dept of communications	OMM
05.	Television – Network	There is a problem of TV Reception in the area	Dept of communications	OMM
06.	Clinic	Mobile clinic comes to the area once a month, so a need for a clinic establishment or more regular appearance of the mobile clinic in the area was identified	DOH	CDS
WARD 02 – THAFENI AREA				
07	Scholar Transport	The community requested transport for school children since the schools are far from residential area	DOE	OMM
08	Land	Community need their own land for housing and grazing of their livestock	Rural Development and Agriculture	CDS/IPD
09	Sport Ground	Youth is requesting a sports	Recreation	IPD

		field		
WARD 02 - CURRAH FARM				
01.	School	The school currently goes grade 6 and requested that the school be upgraded to go up to grade 12	DOE	OMM
02.	Houses	A great need of housing was identified where the living conditions were seen to be the worst in terms of housing provision.	DOH	IPD
03.	Water	A need for installation of running water was identified especially for the elderly who can no longer travel long distances to collect it from the river	HGDM	IPD
04.	Electricity	Community does not have access to basic electricity	ESKOM	IPD
05.	Access Road to the School	The School is not accessible from the main road	GKM	IPD
06	Toilet and fencing at school	Current situation at school are very risky to kids and overflowing	HGDM	IPD
WARD 02 – SWARTBERG/MAKHOBAMA/RAISKOP				
01.	Land for Housing and grazing	It was noted that majority of the land within the area of Swartberg and Maraiskop is owned by the white farmers who are still reluctant to distribute land to their tenants/workers in the farm. This creates a frustration to community members residing in these areas as they are staying on very restricted and inhumane conditions with very limited security. Therefore community needs land which will have secure tenure. Also need land for the grazing of their livestock as their only source of income and food	DRDLR	MMO & IPD
02.	School	It was said that the school in the area was limited to grade 4 and those available were very far, due to financial constraints, many students have been forced to discontinue school. Therefore the need for a school in the area was identified.	DOE	CDS
03.	Clinic	The mobile clinic visits once a month and often people need immediate medical assistance between the monthly visits.	DOH	CDS
04.	Scholar	The schools are far and families	DOE	CDS

	Transport	can't afford the daily transport rates therefore subsidies scholar transport is needed.		
WARD 02 – FRANKLIN				
01	Fencing for farming areas	The community identified an urgent need for the fencing off of the agriculture areas essentially the communal areas because vegetation was being destroyed by livestock.	Dept of Agriculture	OMM-LED
02	Rehabilitation of roads	It was noted that the roads were in a horrible condition and there is a need for road rehabilitation to allow for vehicular access	None	IPD
03	Job opportunities	The community identified a lack in job opportunities available in the area, especially for the youth and semi-skilled.	Dept of Economic Development	OMM-LED
04	Bakery equipment	The bakery as a physical structure has been provided however the equipment for it to operate and function accordingly is not available. Therefore, for the bakery to serve its primary function there is a need for the provision of the equipment.	Dept of Economic Development	OMM-LED
05	Poultry Project	Land for Poultry project as well as assistance from the municipality to establish this business was identified.	Dept of Economic Development	OMM-LED
WARD 03				
01	Higher education establishment	The community feels that some form of partnership with one of the countries higher education universities be established so that there can be a campus in the town to provide much needed higher education to the matriculants within GKM who haven't been able to access higher education	DOE	CDS
02	Special school	The community feels that there is very little provision for people with special needs within GKM at large especially when it comes to education, it was therefore identified that a special school was much needed to address this.	DOE	CDS
03	Speed Humps	There are streets that still need speed humps in order to ensure	None	IPD

		safety to the pedestrians primarily around residential amenities.		
04	Street lights	Dark streets were a major concern in ward 3, the community stressed that this was an issue which needed to be addressed effectively because numerous offences which have been exacerbated by this darkness have been reported.	None	IPD
05	Roads	A need for rehabilitation of roads in town was identified	DOT	IPD
06	Sidewalks	There is high competition between cars and pedestrians on the road due to the absence of sidewalks, therefore these are needed to reduce the pressure off the road and increase safety for pedestrians	DOT	IPD
07.	Improvement/ rehabilitation of stormwater	Blocked stormwater drainage causes flooding to the neighbouring houses during rainy seasons.	DOT	IPD
08	Housing	There is a need for housing	DOH	IPD
WARD 04				
01	Housing	There are still major housing backlogs which have been identified	Department of Human Settlements	IPD
02	Satellite Police Station	The existing police station is Kokstad SAPS situate in Kokstad town and access to this police station is arduous and therefore a need for satellite police station is strongly emphasized.	SAPS	CDS
03.	Street lights	Dark streets have been identified as a priority, because the darkness has exacerbated the likelihood for muggings and assault	None	IPD
04.	School	While there is a school within close proximity, it was noted that the schools are filled beyond their capacity and therefore new establishments are necessary	DOE	CDS
05.	Library	Need for a provision of a library in the area was identified	DAC	CDS
06.	Playgrounds	Parents raised the concerns pertaining the lack of demarcated playgrounds for their children to play	Department of Sports and Recreation	IPD

07.	Access roads	There are access roads which don't permit for vehicular movement. There is an urgent need for these roads to be established because ambulances and police often can't access the necessary houses.	None	IPD
08.	Community Hall	Community meetings are being held on the sport field and they do not have a hall to host their activities	GKM	IPD
WARD 05				
01.	Housing	A need for housing was identified	Department of Human settlements	IPD
02.	Clinic	A need for clinic was Identified as the clinic in town is too far and is always full	DOH	CDS
03.	Street lights	Dark streets have been identified as a priority, because the darkness has exacerbated the likelihood for muggings and assault	None	IPD
04.	Playgrounds	Although a soccer field exists a need for accommodating other sporting codes was identified	Department of Sports and Recreation	IPD
05.	Job Creation	There is a pressing need for the LED projects focusing in Job creation and Promotion of SMME's and Cooperatives	DED, DOT (EPWP)	OMM – LED
06.	Upgrading of riverside into a park	A need to use the river bank space for leisure purposes was identified	Department of environmental affairs	CDS
07.	Upgrades electricity Stubs (danger)	Danger lines are all hanging on the outside and imposing risk for kids	GKM	IPD
08	Shelter for Babanani Luncheon Club	The luncheon club need shelter to perform their daily activities	GKM	IPD/OMM/DSD
09	Hawkers Shelter	Community needs hawker shelters	GKM	LED /IPD
WARD 06 – EXTENSION 7				
01	Primary School	A need for a primary school was identified	DOE	CDS
02	Multipurpose community sports centre	Currently there is a lack of other sport codes such as tennis, basketball, netball etc. due to non-availability of sports field to accommodate such. A need for the development of a multi-purpose sport centre that will accommodate all sporting codes was expressed	DSR	CDS

03	RDP houses	A need for low cost housing was identified	Department of Human settlements	IPD
04	Clinic	A need for clinic was identified	DOH	CDS
05	Commercial area	A need for shops within the area was identified	None	IPD
06	General Residential (flats)	A need for general residential was expressed by some of the community members	Department of Human settlements	IPD
07.	Ext 7 Sports field		None	IPD
WARD 06 – PAKKIES				
01	Houses	Provision of Houses in the area was also identified as one of the priority need with the area	DHS	IPD
02	Water	While provision of water has been made, the distribution is not evenly spread. Community members in areas of higher altitude complain that they need to travel long distances to access it.	SISIONKE	IPD
03	Network poles	Poor reception due to no network was identified as one of the priorities in the area, it was noted that some areas had no access to a reception at all.	Network provider(Dept of Communications)	IPD
05.	Fencing of Grazing Land	To ensure a control to the domestic animals was identified hence a fencing of grazing land was expressed	DOT	MMO –LED
06	Sports Field	Youth of Pakkies are requesting sports field	DSR	IPD
WARD 06 – THUTHUKANGELI				
01	Water	Most of community still do not have portable water and therefore a request of water connection in the area was expressed	SISIONKE	IPD
02	Housing	Provision of Houses in the area was also identified as one of the priority needs within the area.	DHS	IPD
03	Fencing of arable Land	To ensure a control to the domestic animals was identified hence a fencing of grazing land was expressed	Dept. of agriculture	MMO –LED
04	Lightning conductors	The area is prone to lightning and there have been a number of disasters due to these.	ESKOM/COGTA	IPD
05	Access Roads	Access Roads are in a bad	DOT	IPD

		condition and vehicular movement is often impossible on these roads particularly on the raining season therefore a need of road upgrade was identified		
06.	Community Hall	Community meetings are being held at the school and they do not have a hall to host their activities	GKM	IPD
07.	Tractor	The community requested that they be provided with a tractor during ploughing season	GKM	LED
WARD 6 - EMASHOSHENI				
01.	Houses	Provision of Houses in the area was also identified as one of the priority needs within the area.	DOH	IPD
02	Fencing	To ensure a control to the domestic animals was identified hence a fencing of grazing land was expressed	Dept of Agri	IPD
03	Pre-school	A need for a pre-school was identified	DOE &DSD	OMM
TROUT WATERS				
1	Land	The community is staying in a privately owned farm under bad conditions. They need their own land to build their houses and for their own development	Dept Land rural Dev	IPD
2	Housing	Provision of Houses in the area was also identified as one of the priority needs within the area.	DOH	IPD
3	employment	There is a high rate of unemployment. The community needs Job opportunities	LED	LED
4	Graveyard	They need their own graveyard since they bury their families on privately owned farm and encounter problems with the landowner	Rural Dev	CDS
ST MICHAELS				
1	school	A need for a school was identified	DOE	
2	Land and housing	The community is staying in a privately owned farm under bad conditions. They need their own land to build their houses and for their own development. Provision of Houses in the area was also identified as one of the priority needs within the area		

3	Scholar Transport	. The schools are far and families can't afford the daily transport rates therefore subsidies scholar transport is needed.		
4	Soccer Kit	To assist the soccer team/s with soccer kits	GKM	
WARD 06 – CHARLTON/RUSFONTEIN				
01	Acquisition of land	Most people in the rural areas of the municipality do not own land and as result they live in a very squalor conditions and exposed to hazardous health conditions due to poor basic service. This has become a critical issue which requires an immediate actions by the municipality	DRDLR	OMM
02	Electricity	A need for electricity was identified	ESKOM	IPD
03	Water	A need of portable water still exist in this ward	SDM	IPD
04	High School	A need of High School was identified	DOE	CDS
05	Job Creation	A high rate of unemployment is still a challenge in the area and therefore the community need the municipality to devise innovative ways of creating job opportunities in the area and a sewing project was identified as a possible solution.	Department of Economic Development	MMO – LED
06	Special programmes	Programmes which would cater for the disabled are needed.	Dept of women, children and people with disability.	OMM-SP
WARD 06 NEWMARKET				
01	Land for Housing Development	Most people in the rural areas of the municipality do not own land and as result they live in a very squalor conditions and exposed to hazardous health conditions due to poor basic service. This has become a critical issue which requires an immediate actions by the municipality	DRDLR	OMM
02	School	A need for the development of a new school as well as the relocation of the present establishment was identified.	DOE	CDS
03.	Housing	There is a huge housing backlog in the area of Newmarket and it was noted that some of the community	DHS	IPD

		members live in very hazardous conditions.		
04	Water	A need of portable water still exist in this ward	SDM	IPD
05.	Electricity	A need for electricity was identified	ESKOM	IPD
06.	Seeds and fertilizer	The community requested to be supplied with seeds and fertilizers during the ploughing season for them to be able to plough their vegetable gardens	DOA	LED
WARD 07				
01	Houses	A need to address the housing backlog through the more housing development was identified	DHS	IPD
02	Old age home	An old age home was set out as a priority because the elderly identified that they needed a place of refuge because the degrees of abuse towards the elderly in this ward were noted as very high	Department of Social Development	CDS
03	Satellite Police Station	The existing police station is Kokstad SAPS situate in Kokstad town and access to this police station is arduous and therefore a need for satellite police station is strongly emphasized.	SAPS	CDS
04	Access Roads	The internal access roads in Shayamoya are too narrow therefore a need to be widen was expressed	None	IPD
05.	Rehabilitation of Road:	Some of the Internal roads within the township are almost Impassable during wet weather, as they are poorly gravelled and they are unable to discharge water on the rainy period.	None	IPD
06.	Library			
07.	Side Walks at Shayamoya Polar Park Bridge	A need of the sidewalk was identified due to the high volume of pedestrians	GKM	
08..	Taxi route from Polar Park to Mjoli stop	A need for a taxi route was identified		
09.	Income generating projects	To address the issue of high rate of unemployment and oncome generating projects were identified as the solution		
WARD 08				

01.	Street lights	Dark streets have been identified as a problem, because the darkness has exacerbated the likelihood for muggings and assault especially along the bridge entering into the location.	None	IPD
02.	Clinic	The community identified that a clinic which would service ward 8 was needed because it would be within close proximity to the people who need it most.	SDM	CDS
03.	Curbing of Illegal dumping	It was identified that illegal dumping was a major problem in the ward and that there is a need for more regular dump collection services as well as a monitoring mechanism which would discourage such activities.	None	CDS
04.	Pavement (sidewalks) on the way to Xoxolo Primary School at area 5& 6	A need for pavement was identified to decrease the competition between pedestrians and cars on the road	None	IPD
05.	Community Hall	A need for a provision of community hall facility which would cater for specifically ward 8 was identified	None	IPD
06.	Fencing of the graveyard	To avoid vandalism of tomb stones and to stop people from making it walking pathway	GKM	CDS
07.	Housing			
08.	Tar road at area 5& 6	The need was identified since the streets are gravel		

3.9.5. SOCIAL DEVELOPMENT SWOT ANALYSIS

Table 38: Social Development SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> The fight against HIV/AIDS is handled in a co-ordinated manner by government departments and NGO's; War room attendance Operational Sukuma Sakhe Programme an ongoing success in terms of meeting with relevant key role players on monthly basis; 	<ul style="list-style-type: none"> Poorly maintained public facilities, including Cemeteries and open spaces. Ageing equipment; Unreliable fleet Some of the health facilities lack essential services; High illiteracy rate; Low personal and households' income levels; Schools in the rural areas are under resourced; Poor response to crimes or reported incidents; Outdated police equipment;
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Building more schools and tertiary facilities; Opportunity to liaise with the Department of Education, Department of Social Services and other stakeholders to improve the level of education; Upgrade of facilities and equipment. 	<ul style="list-style-type: none"> Increase in HIV /AIDS Deaths; Low personal and households' income levels will increase poverty levels; Increase in theft / robbery; Low level of education limits the ability of absorbing new skills and effectively compete for higher paying jobs;

C.6. – 3.10. FINANCIAL VIABILITY & MANAGEMENT ANALYSIS

3.10.1. CAPABILITY OF THE MUNICIPALITY TO EXECUTE CAPITAL PROJECTS

Below is a snap-shot summary of the financial status of the Municipality:

- ✓ Total capital budget for 2015/2016: R37,9million
- ✓ Total operational budget for 2015/2016:R312.1 million
- ✓ Total amount of grants received for2015/2016:R70.0 million

The municipality has the capacity to spend its capital budget as expenditure has been between 90% and 100% for the past three financial years. MIG expenditure has been 100% for the 11/12 and 12/13 financial years respectively.

3.10.2. INDIGENT SUPPORT (INCLUDING FREE BASIC SERVICES)

The number of people that are registered as indigent has increased for the past four financial years in 10/11 it was 3200, in 11/12 it was 3400, in 12/13 it was 3920 and in 13/14 it was 4900. The total budget that is allocated towards the indigent subsidy is R 5 000 000.00 for the 2014/2015 budget. The municipality has an indigent support register which is updated annually. The 4900 approved applicants for the 2013/2014 financial year each receive 50Kwh (67.40c/kwh equivalent to R33.70) of electricity every month and refuse collection. The rates accounts are exempted and the balances are written off once the application gets approved. The number of applications that have been received for 2014-2015 financial year is 5000 and the closing date for the applications was on the 31st of March 2014.

3.10.3. MUNICIPAL CONSUMER DEBT POSITION

The municipality follows debt collection processes in recovering monies due on outstanding debtor's accounts. Interest is levied on all arrear accounts as per Credit Control and Debt Collection Policy. With the Zeus Management System in place debtors are contacted telephonically and by sums concerning their outstanding debts. Defaulters automatically show on the system as well as the status of arrangements made. Follow up is done and this makes it easy to identify customers who defaulted on their arrangements. A 25% down payment is requested before signing of an Acknowledgement of Debt for the first time, and once defaulted a 50 % is required on the outstanding balance. Delivering of Seven Day Notices, Disconnections as well as Reconnections is done by Fast Move Electrical.

Table 39: Debt Age Analysis

	2012/13	2013/14	2014/15
90 DAYS PLUS	R 31 646 856	R 20 635 541	R 30 272 725
30 – 60 DAYS	R 12 913 998	R 13 090 402	R 16 354 373
Total Debt – 31/03/2013	R 44 560 854	R 33 725 943	R 46 627 098

3.10.4. REVENUE ENHANCEMENT AND PROTECTION STRATEGIES

In terms of Revenue Enhancement: the municipality developed a Revenue Enhancement Strategy which it is implemented. In summary the finances of Greater Kokstad Municipality are relatively healthy by comparison with many other Municipalities in the sense that grant dependency rate is low. Grants and subsidies only constitute 13 % of operating revenue. However, key financial trends prevailing the Municipality, driven in particular by personnel costs and rising areas, are placing an undue pressure on the Municipality's finances. Important services are being squeezed out by expenditure increases elsewhere.

3.10.5 GRANTS & SUBSIDIES

Table 40: Grants and subsidies

Grant Description	Amount Allocation Per DoRa 201415	Amount Allocation Per DoRa 201314	Purpose
Equitable Share	R 47,616,000	R47,497,000	Unconditional, provisioning of municipal services and indigent support.
Municipal Systems Improvement Grant (MSIG)	R 934,000	R 930,000	Conditional, municipal administration systems enhancement and improvement.
Financial Management Grant (FMG)	R 1,700,000	R 1,750,000	Conditional. Financial Management Reforms implementation as per MFMA.
Municipal Infrastructural Grant (MIG)	R 16,545,000	R16,867,000	Conditional, infrastructural improvement for provisioning of basic services.
Small Town Rehabilitation	R 8,000,000		Conditional, infrastructural improvement for provisioning of basic services.
Eco Complex and Industrial Park	R 19,000,000		Conditional, infrastructural improvement for provisioning of basic services.
DOE	R 5,000,000	R3,000,000	Conditional, infrastructural improvement for provisioning of basic services.
Total	R 98,795,000	R70,044,000	

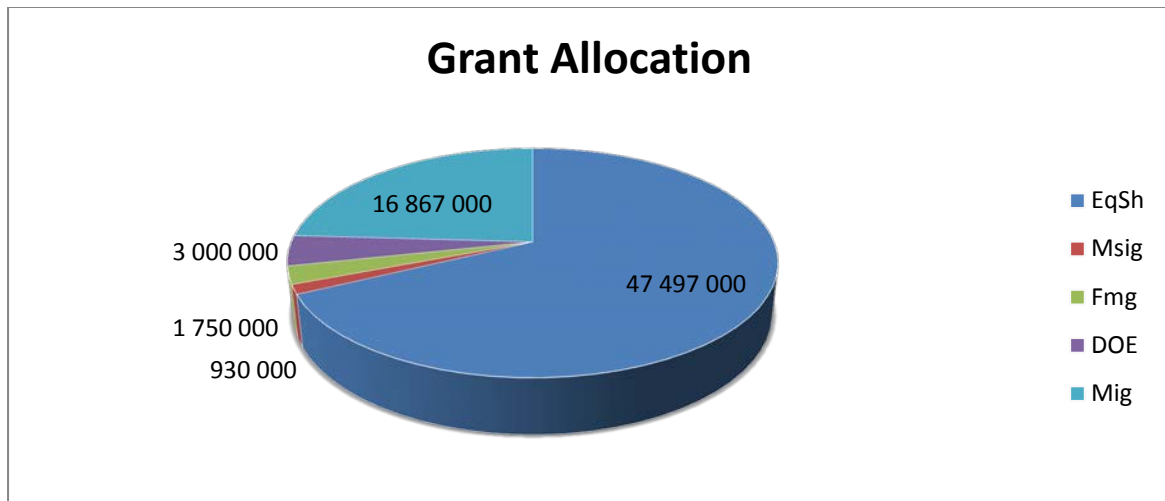


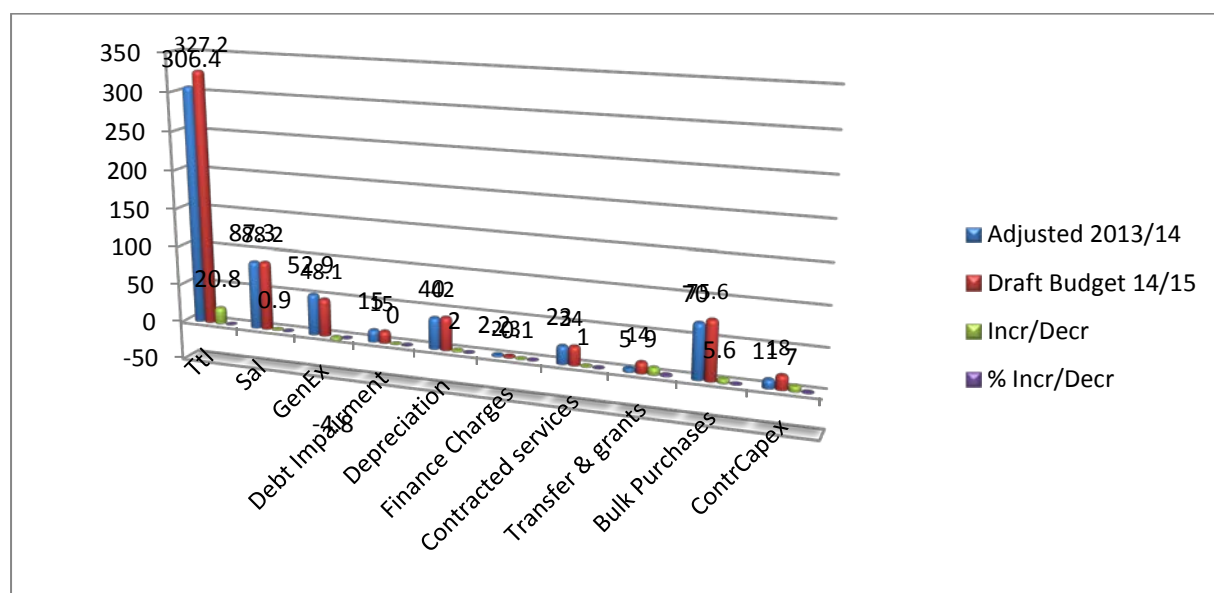
Figure 16: Grant Allocation

The total draft operating expenditure from a budgeted sum of R312, 1m from R272,6m exclusive of the council revenue allocated for capital (of R18,1m) expenditure as follows:

Table 41: Draft Operating and Capital Budget

Description	Adjusted Budget (2013/14)	Draft Budget (2014/15)	Increase /(Decrease) from final	% Increase or (Decrease)
Salaries & wages	R90,5m	R103,0m	R12,5m	14%
General Expenses	R20,6m	R27,8m	R78m	35%
Debt Impairment	R13,0m	R13,0m	nil	-
Depreciation and asset impairment	R42,0m	R42,0m	nil	0
Finance Charges	R2,5m	R1,5m	(R1.1m)	-43%
Contracted Services	R23,3m	R24,6m	R1.3	6%
Transfers & Grants	R5,0m	R14,4m	R9,4	187%
Bulk Purchases	R75,6m	R86,4m	R10,8m	14%
Total Operating Budget	R272,6m	R312,1m	R40,8m	14%
Contribution to Capital	R11,5m	R18,1m	R6,5m	56%
Total Operating and Capital Budget(internal Funding)	R284,1m	R 330,8m	R46,7m	16%

Figure 17: Adjusted operating and capital Budget.



3.10.6 MUNICIPAL INFRASTRUCTURE ASSETS & MAINTENANCE (O&M)

Implementation of MPRA

The municipality compiled a new General Valuation Roll in line with MPRA requirements. This new GVR was subsequently implemented from 01 July 2008. A second supplementary valuation roll was issued towards the end of the third quarter of 2009/2010 Financial year. The Appeals Board to deal with the objections has been established: and has dealt with one appeal. The municipality has again compiled and completed its second round of General Valuation Roll in line with the MPRA requirements. The implementation of the new General Valuation roll has the 01 July 2012.

The municipality has allocated an amount of R 9.5 Million For repairs and maintenance in its 2015/16 budget. This is amount that the municipality can afford to which it has proof to be insufficient as the existing infrastructure is deteriorating constantly. New infrastructure is also being created which places further pressure on maintenance resources. There is a Provincial road (Hope Street) running through the Kokstad town. Significant problems are currently encountered with the maintenance of this road since Province lacks the necessary funds to maintain or upgrade this road.

3.10.7 CURRENT & PLANNED BORROWINGS

The municipality has one loan facility currently and there are no plans to apply for another facility in the near future. The loan balance as at 30 June 2015 R 1 388 077.23

3.10.8 EMPLOYEE RELATED COSTS (INCLUDING COUNCIL ALLOWANCES)¹

Salaries, wages and allowances are to increase from R90, 5million (14/15) to R103, 0 million (15/16) which is 14 % increase on the overall salary budget.

Table 42: Employee costs

Description	Adjusted Budget (2014/2015)	Draft Budget (2015/16)	Increase / (Decrease)	Comment
TOTAL Salaries & wages	R90,5	R103,0	R12,5m	

3.10.9 SUPPLY CHAIN MANAGEMENT (SCM)

Supply Chain Management

Greater Kokstad Municipality Tenders comply with the MFMA regulations. Supply Chain Management is in place and is being implemented in line with National Treasury Regulations on Supply Chain Management. The Bid Committees are operating efficiently and effectively.

3.10.10 FINANCIAL VIABILITY & MANAGEMENT: SWOT ANALYSIS

Table 43: SWOT Analysis on Financial viability

STRENGTH	WEAKNESS
<ol style="list-style-type: none">1. Political Buy-in2. Investment attraction3. Financial Management Systems4. Paperless (cutting costs)5. Policies are in place and being implemented6. Approved structural organization7. Cash flows to meet payments on daily basis	<ol style="list-style-type: none">1. Unemployment2. Dependency Syndrome3. Indigent Support Abuse4. Lack of cooperation from departments on supply chain management implementation.5. Staff turnover6. Shrinking revenue base
OPPORTUNITY	THREATS

<ol style="list-style-type: none"> 1. Insurance claims for damages to household's equipment. 2. To achieve clean audit by year ending 2015 3. Skilled and capacitated personnel 4. Interaction with rate payers and other customers 5. Functioning audit committee 	<ol style="list-style-type: none"> 1. Economic recession 2. Poor staff turnover 3. culture of non-payment for services 4. short periods served by appointed personnel 5. consumer base increase 6. Customer data not cleansed 7. electricity thefts and tempering (electricity losses)
---	---

C.7. GOOD GOVERNANCE & PUBLIC PARTICIPATION ANALYSIS

Good governance encourages municipal representatives and officials to collaborate with their communities in order to fulfill their needs in a more efficient manner and accountability. The participation of the public in all IDP processes forms the indispensable and integral part of the process and ensures identification with the final product.

3.11. ROLL OUT OF NATIONAL AND PROVINCIAL PROGRAMMES

3.11.1. OPERATION SUKUMA SAKHE

Operation Sukuma Sakhe is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed communities (such as poverty, unemployment, crime, substance abuse, HIV & AIDS and TB). The name of the program is taken from the motto on the crest of the provincial government of KwaZulu Natal (Masisukume Sakhe).

In the Greater Kokstad Municipality, War Rooms have been established in each of the 8 wards and are aligned to the ward councillor's office. The Ward Councillors are the Chairpersons for each of their respective Wards. For the initiative to succeed there is a need for good public participation. All government departments are represented in the monthly meetings.

Sukuma Sakhe is an important initiative, and offers an ideal opportunity for ward-level communities to identify projects that can be fed into the IDP. The synergies that have been created in the Greater Kokstad Municipality in terms of linkages to the Area Based Management structures are also important, and have led to the success of the initiative.

Wards, 2, 6 & 8 are amongst the best performing Wards in the Greater Kokstad Municipality. The remaining Wards lack commitment from Both Ward Councillors and Government Departments and NGO's

3.11.2. BATHO PELE PRINCIPLES

The term Bathos Pele means ‘People First’, and in this context, it means putting other people first before considering your own needs. The Bathos Pele principles are summarised as follows:

Table 44: Batho Pele Principles

PRINCIPLE	DESCRIPTION	ACTIVITIES
CONSULTATION	Community should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.	All developments in the municipality are undertaken through community participation and engagements. The municipality has engaged the community in its development through the following channels: CDW's, radio, newsletters, meetings, suggestion boxes, izimbizo, etc.
SERVICE STANDARDS	Community should be told what level and quality of public services they will receive, so that they are aware of what to expect.	The municipality is striving towards providing services to the community that are of good quality and satisfying.
ACCESS	All citizens should have equal access to the services to which they are entitled.	The municipality is string to ensure that the community has access to the basic services such as refuse removal, electricity, etc. Whilst there are challenges such as limited financial resources in realizing this aspect, a lot has been achieved thus far.
COURTESY	Citizens should be treated with courtesy and consideration.	Our employees are encouraged to be polite and friendly to our customers.
INFORMATION	Citizens should be given full, accurate information about the public services they are entitled to receive.	Information on municipal developments and projects is always conveyed to the community though IDP Rep Forums, newsletters, newspapers, radio, posters, Imbizo, etc.
OPENNESS AND TRANSPARENCY	Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.	The municipality has established various structures that ensure that municipal activities are known by the public. Information is made available to the public through annual reports, strategic plans, , etc.
REDRESS	If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, and a speedy and	Redress is making it easy for people to tell us if they are unhappy with our service. The municipality annually conducts a Customer Satisfaction

	effective remedy; and when the complaints are made, citizens should receive a sympathetic, positive response.	Survey with the support of CoGTA
VALUE FOR MONEY	Public services should be provided economically and efficiently, in order to give citizens the best possible value for money.	Our municipality is striving to make the best use of its available resources, avoid wasteful expenditure, fraud and corruption and finding new ways of improving services at little or no cost.
ENCOURAGE INNOVATION AND REWARDING EXCELLENCE	Innovation can be new ways of providing better service, cutting costs, improving conditions, streamlining, and generally making changes which tie in with the spirit of Bathos Pele. It is also about rewarding the staff who “go the extra mile” in making it all happen.	The municipality embraces partnerships with different sectors in order to improve service delivery. The municipality has been very active in its IGR Structures and many stakeholders have been engaged in these structures through the Operation Sukuma Sakhe programme to ensure that all partners participate in providing services to the people.

3.11.3. INTERGOVERNMENTAL RELATIONS (IGR)

Inter-governmental relations with most sector departments is below the expected levels, there is room for improvement with the District Municipality and in the planning and budget alignment of programmes and projects. There is a framework for intergovernmental relations that exist. In addition there are various within the municipal area which within specific areas are inter-governmental such as the Development and Planning Forum, LED Forum and the IDP alignment forum as follows:

❖ **THE PREMIER’S COORDINATION FORUM (PCF)**

In accordance with the Intergovernmental Relations (IGR) Act (2005), the Mayor participates in the PCF. This forum is coordinated by the Provincial Office of the Premier.

❖ **THE MAYOR’S FORUM**

In the district there is a Mayors Forum.

❖ **THE MUNICIPAL MANAGER’S FORUM**

In the district there is a Municipal Manager’s forum.

❖ **THE SPEAKER’S FORUM**

Such a forum has not been established.

❖ **DISTRICT PLANNING AND ECONOMIC DEVELOPMENT FORUM**

The District Planning and Economic Development Forum (DPEDF) were established and are functional for the co- ordination of development processes within the district. The DPEDF plays oversight on issues relating town planning matters, environmental management,

strategic planning, spatial information management and organizational performance management system. Moreover, this Forum has been tasked with the responsibility of coordinating Urban Renewal Programme within the district.

Although the primary responsibility of this Forum is coordinate development, Local Municipalities exercise their constitutional mandate in administering and processing development applications, the DPEDF plays a vital role in providing support and capacity throughout the district. This support enables speedy processing of development application of proposed development. The SDM has also committed itself to the District Planning Shared Services (DPSS).

The DPSS is aimed at increasing and steering planning capacity within the district. The model has been developed and commenced application in 2009/10 financial year. Both the DPEDF and DPSS are aimed at increasing the planning capacity within the district in order to meet the current development needs and the requirement of the new Development Planning Act (PDA) (Act 6 of 2008) which was effective as from 01 April 2010.

Although there seems to have been some improvements towards the readiness for the implementation of the PDA, there is still some technical and administrative work that still needs to be done. This involves the development of planning tariffs, proper administrative systems and the implementation of the approved DPSS model.

i) DISTRICT INFRASTRUCTURE FORUM

This forum comprises relevant technical officials from the various local municipalities in the district, and district officials, and is chaired by the Municipal Manager of UMzinkhulu Local Municipality.

ii) DISTRICT CFO'S FORUM

This forum comprises relevant Finance officials/CFO's from the various local municipalities in the district, and district officials and is chaired by the Municipal Manager of the Sisonke District Municipality.

iii) DISTRICT INSTITUTIONAL DEVELOPMENT FORUM

This forum comprises relevant officials' from the various local municipalities in the district, and district officials and is chaired by the Municipal Manager of the KwaSani Municipality.

iv) DISTRICT GOOD GOVERNANCE & PUBLIC PARTICIPATION FORUM

This forum comprises relevant official's f r o m the various local municipalities in the district, and district officials and is chaired by the Municipal Manager of the Ubuhlebezwe Municipality.

3.12. MUNICIPAL STRUCTURES

3.12.1. COUNCIL

Councillors are elected by the local registered voters (ratepayers) to serve a predetermined term of office on the local council as representatives of their respective constituencies. The Greater Kokstad Council has a total of 16 seats, with 8 of these seats being allocated to ward councillors who are elected by the wards they represent, while the other 8 seats are allocated to political parties in proportion to the number of votes cast for them.

Council meets once per quarter, chaired by the Speaker. Ward Councillors are the representatives of their constituents and their immediate needs. Ward Councillors in our municipality play a critical role. They act as intermediaries of their constituents and the municipalities. Our Councillors have been very proactive in ensuring that their constituents actively participate in public meeting and contribute towards the development of the municipal IDP.

Table 45: Current Councillors per Ward

Name of Councillor	Ward
1. Mayor, Cllr T.N. Jojozi	PR (ANC)
2. Deputy Mayor, Cllr B.M. Mtolo	PR (ANC)
3. Speaker, Cllr Z.A. Mhlongo	3 (ANC)
4. Cllr P. Nocanda	1 (ANC)
5. Cllr M.N. Dlakavu	2 (ANC)
6. Cllr P.X. Xelitole	4 (ANC)
7. MPAC Chairperson, Cllr N. Mavuka	5 (ANC)
8. Cllr T.M. Mhlakoana	6 (ANC)
9. Cllr L.J. Sithole	7 (ANC)
10. Cllr M.M. Nondabula	8 (ANC)
11. Cllr T.O. Madikizela	PR (ANC)
12. Cllr N.T. Mqikela	PR (ANC)
13. EXCO Member, Cllr N.C. Nyembezi	PR (DA)
14. Cllr K Walker	PR (DA)
15. Cllr. L. Madikizela	PR (DA)
16. Cllr. V. Ncukana	PR (AIC)

3.12.2. EXECUTIVE COMMITTEE (EXCO)

Executive Committee (EXCO) of Greater Kokstad Municipality consists of ten (3) Councillors and is chaired by the Mayor. All members of EXCO are chairpersons of various portfolio committees. The committee is having its own schedule of meetings. The committee meets once per month and their role is to recommend to Council.

3.12.3. COMMITTEES

The following table reflects the committees of Council and their respective purposes, as well as the frequency of meetings during a financial year.

Table 46: Municipal Committees and Frequency of Meetings in a Year

Committee Name	Functions	Number of Meetings
Council	Political oversight	1 meeting per quarter
Executive Committee (EXCO)	Deals with matters delegated to it by Council and Legislation.	1 meeting per month
Finance & Infrastructure, Planning & Development Committee	Financial Management Oversight Municipal Infrastructure Planning, Funding, Maintenance and Development Management <ul style="list-style-type: none">• Municipal Infrastructure Grants• Municipal Infrastructure Planning• Mechanical Workshops• Electricity Distribution Management• Housing• Town Planning• Repairs & Maintenance• Planning• Connections & Disconnections• Roads and Stormwater Drainage Management	1 meeting per month
Community Development Services Committee	<ul style="list-style-type: none">• Cleaning & Grass Cutting• Refuse Collection• Landfill Site• Libraries• Cemeteries and Crematoria• Environmental Health• Parks, Conservation, and Environment• Expanded Public Works Programme (EPWP)• Operation Sukuma Sakhe• Public Safety and Disaster Management• Traffic Services	1 meeting per month

	<ul style="list-style-type: none"> • Licensing • Public Safety and Security • Fire and Rescue Services • Disaster Management 	
Governance Committee	Governance Oversight <ul style="list-style-type: none"> • Legislative Compliance • Corporate and Legal • By Laws • Delegation Management • Policies, Processes and Procedures • Human Resource Management • Performance Management • Labour Relations • Recruitment and Selection • Job Evaluation • Training and Development • Employee Relations • Management Information Systems • Information, Systems Technical Support • Public Participation • Communication & IGR • Information, Systems Technical Support 	1 meeting per month
Municipal Public Accounts Committee	Accountability & Oversight: <ul style="list-style-type: none"> • Internal Audit • Audit Committee • Annual Report Oversight • Forensic Investigations • Finance Oversight • Annual Performance Oversight • Risk Management 	1 meeting per quarter
Audit Committee	<ul style="list-style-type: none"> • An independent audit committee fulfils a vital role in governance. The audit committee plays an oversight role on systems of internal, risk management and governance. 	1 meeting per quarter

Table47: Committees Structures

COMMITTEE	CHAIRPERSON	MEMBERS
Finance, Infrastructure Planning and Development Services	Mayor: Cllr TN Jojozi	Mayor Cllr TN Jojozi Cllr TO Madikizela Cllr TM Mohlakoana Cllr LJ Sithole Cllr V Ncukana
Social Development	Deputy Mayor: Cllr B Mtolo	Deputy Mayor Cllr B Mtolo Cllr PX Xelitole Cllr N Mqikela Cllr MM Nondabula

Governance	EXCO Member: Cllr JL Kotting	Cllr JL Kotting Cllr N Mavuka Cllr MM Nondabula Cllr MN Dlakavu Cllr P Nocanda Cllr NC Nyembezi Cllr Mqikela
------------	---------------------------------	--

3.12.4. LOCATION OF IDP

In terms of the Municipal Systems Act the Mayor is politically responsible for the IDP whilst the Municipal Manager is administratively responsible for the driving the IDP process. In the case of Greater Kokstad Municipality the Municipal Manager has delegated some of the responsibilities to the Manager: Strategic Planning and IGR.

3.12.5. IDP REPRESENTATIVE FORUM

Section 74 of the Municipal Structures Act, and regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act. Among these powers and functions are:

- To serve as an official specialised participatory structure in the Greater Kokstad Municipality.
- To create formal, unbiased communication channels, as well as a co-operative partnership between the community and the Council.
- Advise and make recommendations to the Ward Councillor on matters of policy affecting the Ward.
- Assisting the Ward Councillors in identifying the challenges and needs of residents.
- Dissemination of information in the Ward concerning municipal affairs, such as the budget, integrated development planning, performance management systems, service delivery options, and municipal properties.
- Receive queries and complaints from residents concerning municipal service delivery, communication with Council, and provide feedback to the community on Council's response.
- Ensure constructive and harmonious interaction between the Municipality and community through the use and co-ordination of ward residents meetings and other community development forums, and
- Interact with other organizations and forums on matters affecting the ward.

A ward committee may also make recommendations on any matter affecting its ward to the ward councillor, or through the ward councillor to the local council. The Greater Kokstad Municipality has 8 functional ward committees, which meet on a frequent basis. One meeting per month, per ward committee, is scheduled.

The IDP Representative Forum consists of the following role-players with the listed functions:

Table 48: IDP Representative Forum Role-Players and Functions

ROLE PLAYERS	<ul style="list-style-type: none"> • EXCO members; • Councillors; • Ward Committee Chairpersons; • Senior Municipal Officials; • Stakeholder representatives of organised groups; • Other community representatives; • National and Provincial Departments regional representatives; • NGO's;
FUNCTIONS	<ul style="list-style-type: none"> • Represent the interest of the Municipality's constituency in the IDP process; • Provide an organisational mechanism for discussion, negotiation, and decision making between the stakeholders inclusive of municipal government; • Ensure communication between all the stakeholder representatives, inclusive of municipal government; and • Monitor the performance of the planning and implementation process. • To institutionalise participation in integrated development planning • Membership to ensure geographical and social representation • Members to have mandate to represent the interests of their constituents in the integrated development planning process • Provide an organisational mechanism for discussion, negotiation, and decision-making between the stakeholders and municipal government • Ensure communication between all stakeholders representatives and the Greater Kokstad Municipality • Monitor performance of the planning process • Represent interests and contribute knowledge and ideas in the planning process <p>Participating in the IDP Rep Forum</p> <ul style="list-style-type: none"> • Inform interest groups, communities, and organisations on relevant planning activities and outcomes • Analyse issues, determine priorities, negotiate, and reach consensus • Participate in designing project proposals and/or assess them • Discuss and comment on the draft Integrated Development Plan • Comment on and discuss alignment of annual business plans and budget with Integrated Development Plan • Conducting meetings/workshops with groups, communities, or organisations

3.12.6. IDP STEERING COMMITTEE

The IDP Steering Committee consists of the following role-players, with the listed functions:

Table 49: IDP Steering Committee Role-Players and Functions

ROLE PLAYERS	<ul style="list-style-type: none">• The Mayor• The Deputy Mayor• The Executive Committee Members• The IDP Champions (elected from the different party caucuses)• City Manager (or alternate) (chair)• Strategic Executive Managers (SEMs)• Two representatives from IMATU and SAMWU
FUNCTIONS	<ul style="list-style-type: none">• Provide terms of reference for all reviewing and planning activities• Commission IDP planning studies, programs, and projects• Process, summarize, and document outputs from subcommittees, teams etc.• Recommend amendments to the contents of the IDP• Prepare, facilitate, and document meetings and workshops• Ensure alignment and participation in the determination and prioritization of plans and programs in the spirit of cooperative governance

3.12.7. TRADITIONAL STRUCTURES

There is one traditional area known as Makhoba Rural Area represented by iNkosiMakhoba. Interestingly in Greater Kokstad Municipality is that, there is a good working relationship between Chief Makhoba and political structures of the municipality. The Department of Human Settlement is currently rolling out the Makhoba 1400 Housing Units Project in the Makhoba and Chief Makhoba serves as the interventions liaison with Department of Human Settlement regarding any problems or challenges of the housing development.

3.13. STATUS OF MUNICIPAL POLICIES

The Greater Kokstad Municipality has developed and adopted the following policies/strategies. These strategies / policies govern developments / interventions in the municipal area. The table following highlights the status of all the municipal policies / strategies:

Table 50: Status of Council Adopted Municipal Policies

N o.	Sector Plan / Policy	Completed? Yes / No	Reviewed Yes / No	Adoption Date	Date of Next Review
1	Employment Equity Plan	Yes	No	August 2013	September 2015
2	Workplace Skills Plan	Yes	Yes	30/05/2015	April 2016

3	Service Delivery Budget & Implementation Plan (SDBIP);	Yes	Yes	Approved by Mayor 15 June 2015	May 2016
4	Spatial Development Framework (SDF)	Yes	Yes	24 June 2015	30 June 2017
5	Human Resource Strategy	No			
6	Revenue Enhancement Strategy	Yes	Yes	EXCO June 2015 Council August 2015	30 June 2016
7	Disaster Management Plan	Yes			
8	Risk Management Policy	Yes	Yes	July 2014	July 2016
9	Risk Management Strategy	No - still awaiting for provincial treasury to assist			
10	Indigent Policy	Yes	Yes	28 May 2015	March 2016
11	Internal Audit Plan & Methodology	Outsourced			
12	LED Strategy	Yes	Yes	2014	n/a
13	Public Participation Strategy	yes	no	Sep 2010	June 2015
14	Housing Sector Plan	Yes	No	2006	30 June 2016
15	Communication Plan / Strategy	yes	Yes	28-02-2014	28 February 2016
16	Fraud Prevention Strategy	No	No	n/a	n/a
17	Fraud Prevention Policy	Yes	No	n/a	n/a
18	Comprehensive Infrastructure Plan				
19	Cleaning & Grass Cutting Plan				
20	Access to personal files Policy	No – GKM has a Records Management Policy	n/a	n/a	n/a
21	Disciplinary Codes and Procedures	Yes	No	n/a	n/a
22	Fleet Management Policy	Yes	No	Not yet adopted	March 2016
23	Official Working Hours and Overtime	Yes	No	27 June 2013	2015
24	Individual Performance Management System	Yes	No	27 June 2013	2015
25	Organisational Performance Management	Yes	No	2014	June 2016
26	Selection and Recruitment	Yes	No	27 June 2013	2015
27	Training and Development	Yes	Yes	March 2015	March 2016

3.14. MUNICIPAL BY-LAWS

The municipality has developed, adopted and promulgated various municipal bylaws. These bylaws are under the custody of various municipal departments and the department ensure

the by-laws are adhered to. Likewise, all businesses and developments within the municipal area are expected to operate within the municipal by-laws. All by-laws have clear punitive measures should they be breached. The council together with the relevant government stakeholders monitor adherence of businesses to the by-law and ensure that all culprits face appropriate and laid-out penalties or punishments.

3.15. PUBLIC PARTICIPATION ANALYSIS

Public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution, and review of the IDP, Budget, and PMS processes:

A detailed plan is available in the municipal website and can be accessed anytime. In summary, the municipality uses websites, posters, notice boards, and radio as a means of communication to the public. Likewise, during the 2015/16 IDP Review, the municipality consulted an array of stakeholder to collect their inputs.

The municipality has well developed structures and policies in place to engage with the public of Kokstad. There are fully established ward committees that support the ward councillor; these are further supported by ward support clerks which deal with the administration of ward activities on a daily basis. The activities of the public participation unit are monitored and reported on a monthly basis to MANCO and all the relevant council committees.

Table 51: Tabulates information pertaining wards attendance of the road shows (date, time and venue)

Ward	Venues	Dates	DAY	Time
Ward 1	JJMhlongo Hall	18 Nov 2014	Tuesday	17H00
Ward 1	Qhingalendlela	18 Nov 2014	Tuesday	12h00
Ward 2	Maraiskop	19Nov 2014	Wednesday	14H00
Ward 2	Waansberg-	19 Nov 2014	Wednesday	10h00
Ward 2	Currah Primary School	23 Nov 2014	Sunday	10h00
Ward 2	Tafeni Primary School	22 Nov 2014	Saturday	14h00
Ward 3	Kokstad community Hall	19 Nov 2014	Wednesday	17h30
Ward 4	Shayamoya Sports field	20 Nov 2014	Thursday	15h00
Ward 5	Thuntulwana Hall	17 Nov 2014	Monday	17h00
Ward 6	St Michaels school	23Nov 2014	Sunday	10h00
Ward 6	Trout Waters Primary school	23 Nov 2014	Sunday	14h00

Ward 6	Taffelkop Primary School	22 Nov 2014	Saturday	14h00
Ward 6	PakkiesThibane school	24 Nov 2014	Monday	10h00
Ward 6	Extension 7C/Hall	24 Nov 2014	Monday	17h30
Ward 7	Shayamoya Hall	25 Nov 2014	Tuesday	17h00
Ward 8	Thuntulwana Hall confirmed	26 Nov 2014	Wednesday	17h00
All wards	Thuntulwana Hall (Harry Gwala Road show)	27 Nov 2014	Thursday	10h00

The table following provides an indication of the participation and consultation processes that will be undertaken in the 2015/16 financial year.

Table 52: 2015/2016 Public Participation Plan

OBJECTIVE(S)	ACTION	RESPONSIBILITY	TIMEFRAME
To give the communities the opportunity to participate on their development	IDP izimbizo / Road-shows	IDP Manager, Public Participation /communications unit.	November 2015
	2015/2016 IDP Rep Forum	IDP Manager/ Public Participation /communications unit	November 2015 March 2016
	IDP Alignment meeting with sector departments	IDP Manager/ Public Participation /communications unit	February 2016
Complaints Register: Customer Care and Batho Pele Engagements	Monitoring feedback of the complaints register	Public Participation & Customer Care Unit	Ongoing
	Customer Satisfaction Survey conducted		
	Customer Satisfaction Survey conducted		
To build good relationship between the Municipality and the Media	Engage the media on municipality's programmes through Media Briefing Session	Communications Unit and the Municipality's Principals	Ongoing
Monitoring of Media	Collection of all media articles with	Communications Unit	Ongoing

	Municipality's issues		
Mayoral Imbizo	State of Municipal Address	Public Participation Unit, Communications Unit, Councillors, Finance Department	April 2016
Budget Roadshows	To feedback to communities on the municipal Budget	Communications Unit, Councillors, Finance Department	March 2016
To market the Municipality and showcase its best Practices	Development of Municipality's News paper	Communications Unit,	Monthly

3.16. AUDIT COMMITTEE

The Greater Kokstad Municipality re-established its Audit Committee on the 17th June 2015, which is also comprised of Performance Management.

The Municipal Audit Committee does the following:

- Provide oversight on municipal programs;
- Audit Reports;
- Audit risk assessment reports;
- Audit performance and all compliance issues
- Review the quarterly reports submitted to it by the internal audit unit;
- Review the municipality's PMS and makes recommendations in this regard to the Council;
- At least twice during a financial year submit a report to the Council

The Audit Committee is empowered to:

- Communicate directly with the council, municipal manager or the internal, and external auditors of the municipality;
- Access any municipal records containing information that may be needed to perform its duties or exercise its powers;
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

The Municipal Audit Committee is meant to sit quarterly, but due to the resignation of the previous members – the Audit committee only met twice in the 2014/15 financial year.

3.17. MUNICIPAL RISK ASSESSMENT

Section 62(1)(c)(i) of the Municipal Finance Management Act, Act 53 of 2003 requires the Accounting Officer to establish and maintain effective, efficient & transparent systems of risk management.

To effectively manage risks to the achievement of the municipality's objectives, Greater Kokstad provides managers with a systematic way to make responsible, coherent and informed decisions and enables them to achieve improved outputs and outcomes. A structured approach to the management of risks also enhances and encourages the identification of greater opportunities for continuous improvement through innovation.

Risk Management Practices requires the Accounting Officer to manage the strategic and operational risks of the municipality. Due to capacity challenges within the municipality, the Provincial Treasury is assisting / supporting the in conducting the following Risk assessments on annual basis:

- Operational Risk Assessment
- Strategic Risk Assessment
- Stand-alone ICT assessment
- Stand-alone Supply Chain Management Assessment

The top ten risks identified is updated on the Risk Register and reported to all relevant structure of the municipality and Internal Audit to prepare their Risk Based Annual Plan.

The municipality has a Risk Management Committee in place that is required to meet on quarterly basis. However, this target is not always achieved due to the moratorium on all vacant posts including Key critical posts, there is no segregation of duties and puts an overload on the some of the personnel.

The Audit Committee of the Greater Kokstad Municipality was not hundred percent (100%) functional due to the fact that the term of office for the Audit Committee ended on the 30th September 2014 and members appointed on a month to month basis until the recruitment process for new members was finalised. The council also further resolved that whilst they are appointed on the month to basis they will be remunerated as per the National Treasury remuneration package of which they declined and resigned. The municipality appointed the new members on the 9th of June 2015 and the first Audit Committee sat on the 22 June to look at the Annual Performance report, 2015/16 SDBIP and final Draft of the 2015/16 IDP as well as the Risk Assessment Report from Provincial Treasury that was conducted on the 25-26 May 2015.

The following are the top ten (10) significant risks that are facing the municipality. The municipality is fully aware of the root causes and has been able to put in place mitigating strategies within the SDBIP for 2015/16 which goes to outer year of the MTERF.

Top 10 inherent Risk identified is as follows:

- Risk01. Financial Management: Financial Sustainability
- Risk02. Infrastructure: Development and Maintenance
- Risk03. Community Development: Housing
- Risk04. Community Services: Libraries Management
- Risk05. Financial Management: Expenditure Management
- Risk06. Business Support: Performance Management System
- Risk07. Strategic Leadership: Integrated Development Plan
- Risk08. Business Support: Information Technology
- Risk09. Business Support: IGR, Communications and Corporate Image
- Risk10. Community Services: HIV/AIDS and Vulnerable Groups

Top 10 Residual Risks are as follows:

- Risk01. Financial Management: Financial Sustainability
- Risk02. Infrastructure: Development and Maintenance
- Risk03. Business Support: Information Technology
- Risk04. Financial Management: Expenditure Management
- Risk05. Business Support: Performance Management System
- Risk06. Community Services: Libraries Management
- Risk07. Community Development: Housing
- Risk08. Community Services: Community Safety
- Risk09. Economic Development: Tourism and Investment attraction and Retention
- Risk10. Community Services: HIV/AIDS and Vulnerable Groups

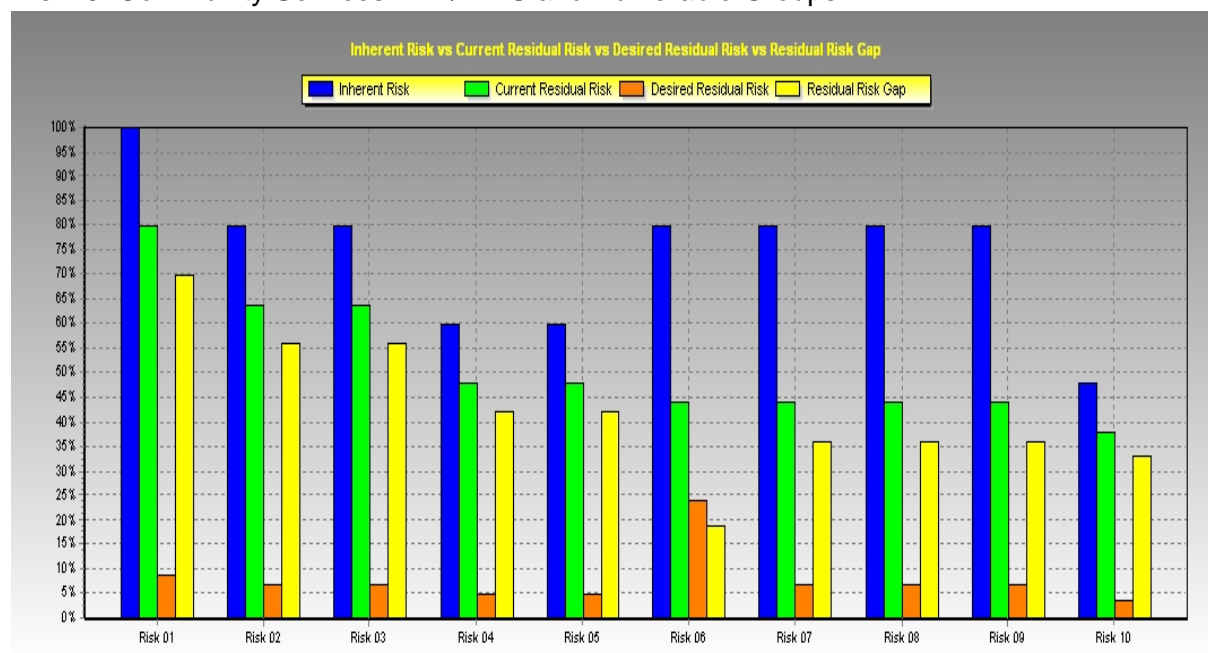


Table 53: RISKS, ROOT CAUSES & MITIGATION STRATEGIES

Risk	Root Causes	Mitigation Strategies By Management
Financial	Poor payment culture.	Provision of incentive schemes to

Sustainability	Limited staff capacity (debt collection).	improve payment culture. Function has now been outsourced due to lack of capacity.
	Limited revenue base.	A reviewed revenue enhancement strategy to be adopted by council has been developed exploring other revenue sources.
	Slow economic growth.	A reviewed revenue enhancement strategy to be adopted by council has been developed.
	Outdated Revenue Enhancement Strategy.	A reviewed revenue enhancement strategy to be adopted by council has been developed
	Growing indigent and low cost households.	A reviewed revenue enhancement strategy to be adopted by council has been developed. Addressing low cost housing and growing number of indigent households.
	Lack of investment incentives.	A reviewed revenue enhancement strategy to be adopted by council has been developed seeking new investment incentives for investment attraction in GKM.
Development and Maintenance	Budget constraints.	Expand revenue base, increase collection of what is billed to consumers.
	Population growth.	
	Ageing infrastructure.	Increase budget for maintenance, increase maintenance capability.
	Water and sanitation is the competence of the Harry Gwala District Municipality.	Acquire land for housing development
	Electricity supply is the function of Eskom.	
	Heavy housing backlog.	
Housing	Lack of land for development.	
	Illegal immigration.	Approve organogram, employ slums monitors.
	Political influence and Political instability.	
	Unethical conduct.	Disciplinary measures must be enhanced to be more effective so that those who transgress are not left scotch free.
	Reliance on the Department of Human Settlements.	
	Inadequate land.	Plan development in tandem with other authorities e.g. DoHS, Eskom, HGDM etc.
	Lack of bulk infrastructure.	
	Increase in the Indigent Register.	
	Corruption.	

	Land grabbing. Lack of monitoring of services .	
Libraries Management	Lack of funding (resources). Theft. High staff turnover due to unattractive salaries. Vandalism. High rate of population. Construction of libraries is the competency of the Department of Arts and Culture.	
Expenditure Management	Cash flow problems. Delays in receiving invoices from departments and suppliers. Queries on invoices. Inadequate safeguarding of payment vouchers. Lack of a central point for receiving invoices. Lack of human capacity (Assistant manager: expenditure and clerk).	
Performance Management System	Inadequate portfolio of evidence (POEs). Lack of communication between departments regarding standard of evidence. Lack of alignment between Organizational Performance Management System and Individual Performance Management System. Late submission of performance of evidence and reports.	POEs to be only submitted twice a year (during Mid-term assessments and Annual Assessments) due to overload of work All POEs to be authenticated by the all HODs HODs to be held accountable for poor or non-submission of reports / POEs
Integrated Development Plan	Unrealistic wish list from the community. Lack of sustainable project included in the Integrated Development Plan. Budget constraints. IDP post vacant for 1 year (due to moratorium)	IDP post is a key critical post and must be filled effective immediately To have more sustainable projects – community awareness
Information Technology	Budget constraints. Lack of alignment between Information Technology Strategy and the Organisational Strategy. Lack of the Information	Seek funding for other IT Projects In 2015/16 FY the proposed alignment will be looked at. Funding has been approved by PT for the development of IT Strategy

	Technology Strategy.	but a dispute ascended after the appointment of the service provider. The matter is still dealt by PT
IGR, Communications and Corporate Image	<p>Inadequate interest and co-operation from stakeholders.</p> <p>Non adherence by some officials to the Branding Manual.</p> <p>Negative publicity from the media.</p> <p>Lack of media handling skills.</p> <p>Poor internal communication processes.</p>	
HIV/AIDS and Vulnerable Groups	<p>Insufficient funding.</p> <p>Lack of resources at support based centres.</p> <p>Lack of infrastructure for the physically challenged.</p> <p>Lack of knowledge and awareness regarding the physically challenged.</p> <p>High rate of unemployment.</p>	<p>The Municipality do conduct awareness programmes and the Disability Forum does exist.</p> <p>The Municipality has approached Services SETA for funding Skill Development for the unemployed. The Youth will benefit in Internships, Learnerships, Apprecinticship and Bursaries.</p> <p>In other Vulnerable programmes, the Municipality does partner with other stakeholders in order to share resources when implementing.</p>

Electricity Losses

Whilst there on-going efforts to deal with the scourge of theft of electricity, it has not reached an acceptable level. The Greater Kokstad Municipality has revised its electricity Policy and By-law which will be implemented during the 2014/15 financial year.

Fraud and Corruption

It is being tackled head on with various anti-fraud and corruption strategies in place.

3.18. GOOD GOVERNANCE & PUBLIC PARTICIPATION SWOT ANALYSIS

Table 54: SWOT analysis on Good Governance & Public Participation

STRENGTH	WEAKNESS
<ol style="list-style-type: none"> 1. Councillors elected by the community interact and give feedback to communities in the form of Ward Committees; ward meetings; IDP road shows; IMBIZOs etc. 2. Communicate through a newsletter, website, and viewpoints informing the stakeholders about the activities of the institution. 3. Holding awareness campaigns like road safety campaigns; back to school campaigns; career guidance etc. 4. Paperless system for issuing of agendas through emails, document management system 5. ORBIT 6. Use of website for information update like notices; adverts; and other municipal documents 	<ol style="list-style-type: none"> 1. Strikes 2. Limited financial constraints
OPPORTUNITY	THREATS
<ol style="list-style-type: none"> 1. Through the implementation of policies and legislation the provision of services by the institution can improve the socioeconomic lives of the communities' e.g. indigent policy, rates rebates. 2. Communicate through various forums like Mms' forum; CFOs' forum etc. 3. Recycling of waste 4. Food for waste Programme 5. Dumpsite closure and acquisition of a new one 	<ol style="list-style-type: none"> 1. Demotivated Staff

C.8. – 3.19. COMBINED SWOT ANALYSIS

Below the is the municipal SWOT analysis which is a culmination of the “SWOT” for each of the KPA’s seen above, the municipal SWOT analysis is of utmost importance as it will dictate the strategies that are adopted by the council. Council will adopt strategies that will in effect deal with the weakness and threats that are faced by the institution. At the same time council will ensure that the strategies take advantage and build on the Strength and Opportunities that are at the council's disposal.

Table 55: Municipal SWOT Analysis

STRENGTH	WEAKNESS
<ol style="list-style-type: none"> 1. Approved structural organisation 2. Workplace skills plan is be reviewed and implemented on an annual basis 3. Mechanisms for the rapid and effective classification of a disaster and the declaration of a state of disaster have been established 4. The municipality provides subsidized electricity and other services to indigent households 5. Well established agricultural sector in the municipal economy. 6. Policies are in place and being implemented 	<ol style="list-style-type: none"> 1. Drought / water shortage 2. Extreme temperatures 3. There is still a challenges regarding attracting certain race groups during the recruitment 4. Legacy of apartheid left GKM spatial disintegrated 5. Need incentives to attract Investment 6. High property prices 7. Lack of investment towards the finance and construction sectors and the unavailability of required skills by such sectors 8. High unemployment rate 9. Dependency Syndrome 10. Indigent Support Abuse 11. Staff turnover 12. High vacancy rate of Key critical posts 13. Lack of adequate bulk services and/or funding for the provision of bulk services within Greater Kokstad Municipality; 14. Lack of office space and conducive work environment; 15. Veld fires and livestock; 16. Poor parking for both deliveries & customers; 17. Lack of financial resources; 18. Lack of good reliable fleet for service delivery (refuse trucks etc.)
OPPORTUNITY	THREATS
<ol style="list-style-type: none"> 1. Response and recovery plans are reviewed and updated annually 2. Established wellness centre 3. Newly established customer care section 4. Financial Audit Outcome 5. Council prioritizing and budget for infrastructure 6. There are sufficient systems in place to manage waste 7. Housing and Electricity backlog is currently being addressed through the municipality 	<ol style="list-style-type: none"> 1. Climate change heavy Snow 2. Aging infrastructure 3. Economic recession 4. consumer base increase 5. electricity thefts and tempering (electricity losses) 6. Housing delivery delayed 7. Low quality of roads are causing the municipality's maintenance costs to rise and non-performance of appointed contractors

Slums Eradication initiative. 8. The municipality is crossed by a number of main transportation routes such as the N2 and R56 providing a number of opportunities. 9. skilled and capacitated personnel 10. Functioning audit committee 11. Development of shopping Malls; 12. Room to facelift the CBD; 13. To initiate agricultural projects; 14. To develop trade centre's / tertiary institutions	8. limited Land availability for development 9. Loss of biodiversity 10. Appeals relating to valuation rolls. 11. High unemployment rates. 12. Lack of local contractors with high CIDB grading. 13. Slow Development 14. Lack of bulk services adversely affecting the housing developments (both old and new projects) in the area; 15. Lack of bulk services adversely affects packaging of new projects;
--	---

C.9. – 3.20. KEY CHALLENGES

The combined SWOT Analysis has demonstrated the strengths that our municipality intends to capitalize on to exploit on the opportunities. Likewise, the municipality has developed interventional measure to address the weaknesses. Following is a summary of the key challenges per KPA. It is against these challenges that the municipality will develop interventional strategies to address them, thereby achieving its vision and mandate.

3.20.1. MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

Table 56: Municipal Transformation & Institutional Development Key Challenges

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	
KEY CHALLENGE(S)	1. Municipal financial constraints 2. Electronic Performance Management System 3. To effectively manage municipal fleet 4. Short of office space and conducive work environment 5. To achieve efficiency and & performance 6. Job evaluation task analysis
DESCRIPTION	<ul style="list-style-type: none"> ▪ The Financial constraints have resulted in the municipal council in setting a moratorium on all posts. ▪ It has indirectly resulted in low staff moral as the municipality no longer provides for annual staff performance events. ▪ The financial constraints have also resulted in the inability to implement the retention strategy and further into the inability to attract certain race groups during recruitment processes ▪ Staff is misplaced in most departments due to snail paste of finalizing the JOB EVALUATION TASK ▪ The performance system has been delayed due to the challenges that are currently facing the municipality with regards. However the system has great potential to cater for an

	efficient performance management systems
INTERVENTIONS	<ol style="list-style-type: none"> 1. The municipality is putting in place mechanisms that will improve the municipal revenue streams 2. GKM is one of the 26 municipalities that was selected for the Back-to-Basics Programme which aims at redressing the wrongs and focuses on service delivery 3. Develop a fleet management plan that will endure effective management of fleet 4. Increase Institutional Capacity and promote transformation 5. Automation of Performance Management System 6. Conduct job evaluation tasks analysis

3.20.2. BASIC SERVICE DELIVERY

Table 57: Basic Service Delivery Key Challenges

BASIC SERVICE DELIVERY & INFRASTRUCTURE INVESTMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Aging basic infrastructure (water, sanitation, electricity Roads) 2. Limited land availability and middle income Housing 3. Backlogs in basic services 4. Lack of Construction Skills 5. Lack of adequate funding for the provision of bulk services;
DESCRIPTION	<p>Aging basic infrastructure (water, sanitation, electricity Roads):</p> <ul style="list-style-type: none"> ▪ The quality of roads in GKM is not up to standard due to a number of factors such as contractors not completing work on time usually leading to an appointment of a new contractor ▪ The existing infrastructure is deteriorating and with the creation of new infrastructure, maintenance costs are rising, the municipality in its current budget cannot afford such pressures ▪ The lack of communication between the District municipality and the GKM has also added pressure as the district will sometimes drill the road in order to access storm water pipes without notifying the GKM <p>Limited land availability and middle income Housing :</p> <ul style="list-style-type: none"> ▪ Middle income housing is also highly required and its shortage has resulted in high rental costs and sale costs ▪ Lack of correct alignment of government and municipal budgets for housing provision ▪ Shortage of municipally owned land available to build more houses where private land is available, owners are asking for

	very high sale prices
INTERVENTIONS	<ol style="list-style-type: none"> 1. Increase provision of Municipal Services 2. Improve Municipal Infrastructure by developing a credible Infrastructure Maintenance Plan 3. The municipality is conducting vigorous Back-to Basics (B2B) activities which focuses on basic services e.g. grass cutting, street cleaning, potholes repairs, Street Lights & Robot repairs etc.

3.20.3. LOCAL ECONOMIC DEVELOPMENT

Table 58: Local Economic & Social Development Key Challenges

LOCAL ECONOMIC & SOCIAL DEVELOPMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1 High Rate of unemployment, poverty and low economic growth 2 Underdeveloped manufacturing and agricultural sectors 3 Low levels of literacy and skills development
DESCRIPTION	<p>High Rate of unemployment, Poverty and low economic growth:</p> <ul style="list-style-type: none"> ▪ Kokstad as a border town experiences high levels of immigration of people from surrounding municipalities, mainly in the Eastern Cape and the neighbouring Lesotho thus the GKM has a continued challenge of creating more employment opportunities ▪ Sectors which offer more employment opportunities i.e. finance, construction require scarce qualifications i.e. actuarial technicians, artisans etc. ▪ The Agricultural/Farming sector which absorbs most of the population(+/- 30.73%) in the GKM offers very low remuneration (R1 –R800) ▪ Another sector which provides most of the employment in the GKM jurisdiction, the retail sector, also offers low salaries of between R801 – R3200 ▪ The tourism sector as an economic contributor has not been well developed thus far and more investment needs to be channelled towards developing this sector <p>Underdeveloped Manufacturing and Agricultural Sectors:</p> <ul style="list-style-type: none"> ▪ There is a huge opportunity for processing goods in the agricultural sector i.e. food products, timber milling etc., however there is no investment channelled towards establishing such facilities ▪ The limited availability of land results increased land prices <p>Low levels of literacy and skills development:</p> <ul style="list-style-type: none"> ▪ The GKM does not have sufficient Tertiary institutions as a result people have to commute for long distances to access

	<p>Tertiary Education facilities.</p> <ul style="list-style-type: none"> ▪ The GKM lacks the availability or establishment of skills development programs or funding aimed at such programs/projects, especially those focusing on the youth ▪ 41% of the population is below the age of 19 hence the need for more education facilities is evident ▪ Only 7% of the population has a qualification higher than a Matric this result in inward migration of qualified people to Kokstad
INTERVENTIONS	<ol style="list-style-type: none"> 1. Facilitate and stimulate growth and development of the local economy through opportunities for sustainable job creation, poverty reduction and improvement of business economic empowerment 2. Improve SMME & Coop skills 3. Support agricultural development 4. Alignment with department of agriculture

3.21. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Table 59: Financial Viability and Management Key Challenges

FINANCIAL VIABILITY & FINANCIAL MANAGEMENT	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Financial stability 2. Low Revenue base / financial resources 3. Outstanding debt on rates and services owed to the municipality is high. 4. Compliance with MFMA systems
DESCRIPTION	<p>It is required by the Municipal Systems Act that all municipality are transparent and accountable. It is also the desired goal that our municipality is financially viable and sustainable. It is therefore important that the municipality manage its financial affairs and resources in a way that will ensure financial sustainability. To ensure that the municipality achieves this goal, it is necessary the aforementioned challenges are addressed.</p>
INTERVENTION	<ol style="list-style-type: none"> 1. Increase revenue 2. Improve expenditure and maximise the economies of scale 3. Improve budgeting, reporting and audit opinion 4. Reduce debtors book

3.22. GOOD GOVERNANCE & PUBLIC PARTICIPATION

Table 60: Good Governance & Public Participation Challenges

GOOD GOVERNANCE & PUBLIC PARTICIPATION

KEY CHALLENGE(S)	1. Shortage of adequate facilities to address the problems experienced in various social aspects (Health, Education, Sport, Safety Security, Welfare)
DESCRIPTION	<ul style="list-style-type: none"> ▪ GKM area has a severe backlog of clinics thus a need for more well equipped clinics to be constructed ▪ There is a need for more strategic and youth driven HIV/AIDS campaigns as well as welfare support for orphans ▪ There is an agricultural college which is not functioning and also, the conditions of classrooms at primary schools, especially in rural areas is not conducive ▪ The current libraries (two) in the region have a space problem and as such cannot absorb the numbers of school children who utilize them. ▪ GKM does not have well developed parks with adequate extra mural activity facilities for both adults and children ▪ GKM area experiences crime especially burglaries and there is an inadequate police presence. Rural areas have a shortage of police stations ▪ There is no coordinated poverty alleviation approach amongst departments.
INTERVENTION	<ol style="list-style-type: none"> 1. Strengthen governance and reduce risk 2. Promote public knowledge and awareness 3. Vigorous Implementation, monitoring and reporting of the B2B programme 4. Improve IGR structures with relevant department and the District

3.23. CROSS CUTTING INTERVENTIONS

Table 61: Cross Cutting Issues Key Challenges

CROSS CUTTING INTERVENTIONS	
KEY CHALLENGE(S)	<ol style="list-style-type: none"> 1. Mushrooming of informal settlement 2. Disaster: Community is continuing affected by its impact and after-effects 3. Public representative and councillors in particular need to be more accountable to communities.
DESCRIPTION	The Mushrooming of informal settlement is on a rapid increase in the Greater Kokstad area and the municipality has an established Rapid Respond Task team and committee to deal and monitor slums issues
INTERVENTION	<ol style="list-style-type: none"> 1. Improve municipal planning and spatial development 2. Improve disaster management and response to fire and emergencies

SECTION D – CHAPTER 4 - VISION, GOALS, OBJECTIVES AND STRATEGIES

4.1. VISION

The municipal long term vision is:

“Together building a caring and economically vibrant city with citizens’ living in a secure healthy and comfortable Environment”

The formulation of Greater Kokstad Municipal Vision is based on the objective of the Local Government as enshrined on the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the following as the principal mandates of the Local Government.

- To promote democratic and local government ;
- To ensure the provision of services to communities in an sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and,
- To encourage the involvement of communities and community organizations in the matter of local government.

The mission statement of Greater Kokstad Municipality is:

Providing sustainable services to communities through optimal and professional deployment of resources and enhancing economic development, safe and healthy environment.

The Values Of Greater Kokstad Municipality Are As Follows:

- Caring: Showing compassion whilst delivering services to its citizens
- Accountability: Taking responsibility for decisions and actions taken.
- Transparency and honesty: openness and public involvement in municipal affairs.
- Integrity: professionalism, a commitment to ethics, and focus on justice and fairness and accountability.
- Efficiency: results orientation, cost effectiveness, superior performance, customer satisfaction.

- Professionalism: executing the mandate with diligence.
- Fairness: treat all those who do work with the municipality equally.
- Dignity: respect for everybody.
- Respect: treating all clients and partners with respect.

The Development Goals Are As Follows:

Development goals for the GKM were developed based on the provincial goals as outlined in the PGDS and are as follows:

- Ensure that all people have access to basic services
- Safe, healthy and sustainable living environment
- Employment of all employable people
- Increased investor confidence in the GKM
- To provide strong and decisive leadership
- Developed and capacitated institution
- To ensure human and utilization of natural resources are in harmony
- To foster social compact
- To create options for people on where and how they opt to live, work, play and pray

4.1.1. ALIGNMENT TO NATIONAL SIX KPA'S, PROVINCIAL PGDS & FIVE PILLARS OF BACK to BASICS

Table 62: Municipal Goals

NATIONAL KPA	PGDS GOALS	MUNICIPAL GOAL	B2B PILLARS
Basic Service Delivery	Strategic infrastructure	Goal 1: Ensure that all people have access to basic services	Adequate and community-oriented service provision
		Goal 2: Safe, healthy and sustainable living environment	
Local Economic Development	Job Creation	Goal 3: Employment of all employable people	Robust Local Economic Development
		Goal 4: Increased investor confidence in the GKM	
Good Governance and Public Participation	Human and community development	Goal 5: To provide strong and decisive leadership, Putting people first & Good Governance and transparent administration	Putting people first: let's listen and communicate & Good governance and transparent administration
Municipal Institutional Development	Human resource development (governance)	Goal 6: Developed and capacitated institution	Robust institutions with skilled and capable staff

	and policy)		
Municipal Financial Viability and Management	Governance and policy	Sound financial management & accounting & Financial Viable and Sustainable Municipality	Sound financial management & accounting
Cross Cutting Interventions	responses to climate change	Goal 7: To ensure human and utilization of natural resources are in harmony	N/A
	Spatial equity	Goal 8: To foster social compact	
		Goal 9: To create options for people on where and how they opt to live, work, play and pray	

4.2. LONG TERM DEVELOPMENT GOALS ASSOCIATED OBJECTIVES & STRATEGIES STRUCTURED INTO 6 KZN KPA'S

The Municipal strategies are derived from Key Challenges derived from the SWOT Analysis of each Key performance Area and also infused the Back to Basics objectives and Indicators.

KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT		
B2B PILLAR: BUILDING INSTITUTIONAL AND ADMINISTRATIVE CAPABILITIES		
MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
6.) Developed and capacitated institution	To improve skills capacity for the municipality to render effective services.	Annually review and implement the Work Place Skills plan
		All critical posts filled
		Participate in the shared services with the district municipality
	Mechanisms to ensure adherence of employment equity standards	Review and implement the employment equity plan
		Strengthen the functioning of the employment equity committee
	Optimise system, procedures and processes	Uptime of all information & Communication Technology Systems
		Adopted Council Policies with standard operating procedures
		Community complaints resolved within the set norms and standards
	Increase Performance and Performance Management System	Strengthen the functioning of the Performance Management System
		Increase overall Organisation Performance rating
	Disciplinary policies and	Convert all employees to Performance management
		Compliance with the PMS framework / Policy
		All staff made aware of policy & processes.

	processes in place	Disciplinary cases resolved within 6 months
	Functional registry and records management system	Assessment of functionality and remedial action to ensure compliance with the Archives Act Functional registries and record management systems in place
	Municipal Rapid Response	Devise action plan to respond to concerns Turnaround time on receipt and handling protest delivery memos Feedback turnaround time to community
	Mechanisms to ensure adherence to the Leave Policy and Management of staff leave	Leave policy reviewed. Attendance registers in place and monitored Timeframe of Submission of leave forms Monitoring of staff absent for 2 consecutive days or more without leave, etc.
	Acknowledgement & response to correspondence	Turnaround time to Respond to correspondence Turnaround time Respond to petitions and memoranda
	Develop cleaning programme for municipal buildings	Cleaning roster in place Signage for communicating with public displayed Clean ablution facilities for public and staff

NKPA: BASIC SERVICE DELIVERY

B2B PILLAR: DELIVERY OF BASIC SERVICES

MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
1.) Ensure that all people have access to basic services	To ensure provision of basic services to communities in a sustainable manner.	Develop and maintain road networks
		Reduce electricity use and supply vulnerability through increased efficiency, diversified and distributed supply
		Ensure that all qualifying people are included for the indigent subsidy
		Grass cutting program implemented
		Engage with local NPOs, Conservancies and co-operatives to clean private owned plots
	To ensure proper management and maintenance of the existing infrastructure.	Maintain and establish community facilities
		Maintenance of public facilities
		Implement the GKM energy master plan
		Develop a Comprehensive Infrastructure Maintenance Plan aligned to the framework
		Geographical focused team approach plan developed to respond to reported and identified faulty street lights
		Pothole programme implemented
		Grass Cutting & cleaning Plan Developed
		Potholes identified and prioritized
		Link with complaints management system to obtain regular updates
		Develop quick response plan in place to deal with robot failure

		Traffic Management plan developed and implemented
2.)Create a safe, healthy and sustainable living environment	To grow Kokstad within its resources limits while containing the negative consequences of development	Facilitate the provision of sustainable human settlements.
		Close monitoring and collaboration with law enforcement on cable theft
		Reduce water use, reuse used water and diversify water sources
		Develop new dumpsite and closure of the old dumpsite
		Solid waste disposal site – licensed and managed
		Construct Community Hall in Ward 8
		Reduce the amount of waste brought into Kokstad and reuse waste through intelligent SCM and public awareness.
		Diversify and intensify all parts of town to create safe and mixed-use neighbourhoods
		Inspections of fire preventions conducted
		Firefighting training exercises conducted
		Firefighting vehicles maintenance
		Road safety awareness campaigns
		4 x fire arm audit conducted in Compliance with Fire Arms Controls Act
	Response to land invasion / removal of squatters	Rapid Response plan
		Immediate reaction to land invasion and erection of informal dwellings

NKPA: LOCAL ECONOMIC DEVELOPMENT

B2B PILLAR : LOCAL ECONOMIC DEVELOPEMNT

MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
4.)To boost investor confidence within the GKM3	Implementable LED strategies aligned to PGDS and DGDP	Analysis of LED strategy and PGDS & DGPD undertaken
		Strategies identified
		Strategies implemented
3.)Ensure all employable people are employed	LED Forum / partnerships established & functional	Identify key LED partners
		Develop calendar of meetings / events
		Establish LED Forum / partnership
	Poverty Elimination programme in place	Develop programme from LED strategy
		Monitor and report
	Reduce unemployment	Jobs created through EPWP, CWP and LED Initiatives, Internship and bursaries

NKPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

B2B PILLAR : GOOD GOVERNANCE AND PUTTING PEOPLE FIRST

MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
5.)Provide strong and decisive leadership	To develop a strong institution to support consultative and participatory local government	Strength the functionality of ward committees
		Integrated the Community Based planning into municipal planning processes
		Develop, implement and review all relevant council policies and by-laws
		Ensure proper facilitation of council, committee and MPAC meetings
		Update municipal website
		Carry out media management
		Carry out media briefings
	Strengthen inter-governmental relations systems	Strength linkages with other got departments and stakeholders
		Anti-fraud and corruption awareness campaigns conducted
		Address issues raised in audit opinion
		Conduct annual strategic and operational risk assessments
		Review / develop audit plan
		Ensure a fully established and functional audit committee
		Implement the communication strategy
	Promote participative, facilitative and accountable governance	Increase participation during the development and review of the IDP
		Strengthen the functioning of the Performance Management systems
		Publication of SDBIP for public viewing
		Publication of Annual Report for public viewing
		Publication of IDP for public viewing
	Improve customer Services	Turnaround time in handling customer queries
		Response turnaround time to internal and external correspondence
		Implement Bathos Pele principles
		Establish a fully functional Customer Care management System

NKPA 4: FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS

B2B PILLAR: SOUND FINANCIAL MANAGEMENT

MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
6.)Developed and capacitated institution	To enhance revenue base and ensure financial viability and management	Revenue enhancement and collection strategy implemented
		Cut wasteful expenditure in line with Section 32 of MFMA. Devise and implement cost cutting measures adopted by Council
		Debt Coverage Ratio
		Outstanding services debtors to revenue ratio
		Cost Coverage Ratio
		Creditors paid within 30 days from receipt of invoice
		Analysis and reporting on cash, investments and conditional grants
		Effective monitoring of bank balances, bank overdraft and short term debt compliance
		Monitoring report on all creditors paid within 30 days
		Implement debt management strategy and report reduction in outstanding debt
	To ensure that the organizations finances are managed sustainably	Initiate a process to ensure accurate billing and a collection rate of above 90%.
		Perform monthly creditors age analysis, reconciliation and report on payment of creditors within 30 days
		Perform monthly debt age analysis per customer group and category and report to Finance Portfolio Committee on movement and debt impairment as well as report on write offs
		Perform monthly bank reconciliations
		Reconciliation of suspense account
		Prepare monthly cash-flow reports and projections and report to Finance Portfolio Committee on variances
		Update on asset acquisition, disposal, depreciation and useful life and movement certified by CFO

		Report on Unauthorised, Irregular, Fruitless and Wasteful Expenditure and condonation to Finance Portfolio Committee
		Report on SCM deviations in terms of Regulations 36) to MPAC
	Accurate, reliable and credible financial management and reporting	Prepared cash backed budgets
		Functional financial management system in place
		Post audit action plan developed and implemented
		Report to council on budget performance and variances
	Good financial governance and oversight	Develop and implement risk based internal audit plans
		Established and functional audit committee monitoring internal audit plan implementation.
		Reports to be submitted to Council on Grant Funding received, committed, invested and spent, and budget performance including variances
		Municipal Public Accounts Committees to be strengthened, capacitated and given powers to investigate and recommend disciplinary processes
		<u>Reports to EXCO and MPAC on:</u> <ul style="list-style-type: none"> • <i>Cash-flow and liquidity ratios</i> • <i>Creditors</i> • <i>Debtors</i> • <i>UIFW</i> • <i>Revenue collection rate</i> • <i>Performance on conditional grant and capital spending</i> • <i>Budget performance and variances</i>
		Adopted Fraud and corruption strategy in place

NKPA 6: CROSS CUTTING INTERVENTIONS

B2B PILLAR: NOT APPLICABLE

MUNICIPAL GOAL	MUNICIPAL OBJECTIVE	MUNICIPAL STRATEGIES
7.)Harmonious utilization of Human and natural	To manage pressures on biodiversity and disaster management plan	Connect integrate and rehabilitate special places and natural corridors to create an intact, functional and flourishing natural system.
		Annually review and implement the Disaster

resources		management plan
	To develop viable alternative energy generation options	Reduce electricity use and supply vulnerability through increased efficiency and diversified and distributed supply
8.)To foster social compacts	To activity promote spatial concentration and co-ordination of development interventions	Diversify and intensify all parts of town to create complete neighbourhoods that are safe and mixed use, providing equal access to opportunity
		Strengthen the establishment of a hierarchy of nodes wit clearly define functions & intervention per node
	Integrated land Management & spatial Planning initiatives	Integrate the physical structure of the town and connect and cluster appropriate amenities, services and economic hubs around a new public space systems
		Ensure development is in accordance to LUMS, SDF
9.)To create options for people on where and how they opt to live, work and play	Kokstad is lively and interesting with a wide range of economic and social choices and opportunities	Increase the range mix and intensity of opportunity ,accommodation, services and amenities and entertainment

SECTION E.1 – CHAPTER 5 – STRATEGIC MAPPING

5.1. INTRODUCTION

The Spatial Development Framework (SDF) is an integral part of a Municipality's IDP (Chapter 5 of the MSA 32, of 2000) and should reflect the culmination of the other elements of the IDP, guided by those development informants, strategies and development actions, which have a spatial implication. Based on the development strategies identified in the Kokstad Municipality's IDP, the Spatial Development Framework has taken in to account the subsequent critical areas to be developed spatially.

- Tourism Development
- Agricultural Development
- Service and Industrial Development

This is high level draft Spatial Development Framework which will be reviewed in 2012-2017 financial years, full detailed information on Municipal Spatial Development Framework is contained here with **as Annexure A**.

5.2. SPATIAL INTERPRETATION OF THE IDP

The Integrated Development Plan (IDP) is the cornerstone of municipal planning. It is currently the basis for recognizing community needs and is legally the basis for the budgeting process. In terms of the Municipal Systems Act, the SDF is an integral part of the IDP.

The strategic objectives of the municipality are contained in the vision of the council. The vision reads:

“Together building a caring and economically vibrant city with citizens’ living in a secure healthy and comfortable environment”

To give effect to the IDP vision the Greater Kokstad Municipality has focused their operations, actions and interventions according to its nine development goals which were developed based on the provincial goals as outlined in the PGDS:

- To ensure human and utilization of natural resources are in harmony
- To create safe, health and sustainable living environment;
- To ensure all employable people are employed;
- To develop more equitable society;
- To ensure that all people have access to basic services;
- To boost investors’ confidence to invest in GKM;
- To create option for people on where and how they opt to live, work and play;
- To provide strong and decisive leadership;
- To foster social compact;
- In order for the municipality to reach these goals key

development challenges has to be overcome. The table below sets out these challenges per key performance area.

5.3. SPATIAL PROJECT PRIORITIZATION

The project criteria matrix enables the municipality to identify priority areas and projects that will assist in successfully implementing the SDF. The project criteria matrix does not serve as a substitute for the projects listed and prioritized in the IDP. The focus of the project criteria matrix in the SDF is to identify and list spatially related projects and assess them against specifically identified criteria in order to rank and priorities these projects in spatial planning terms.

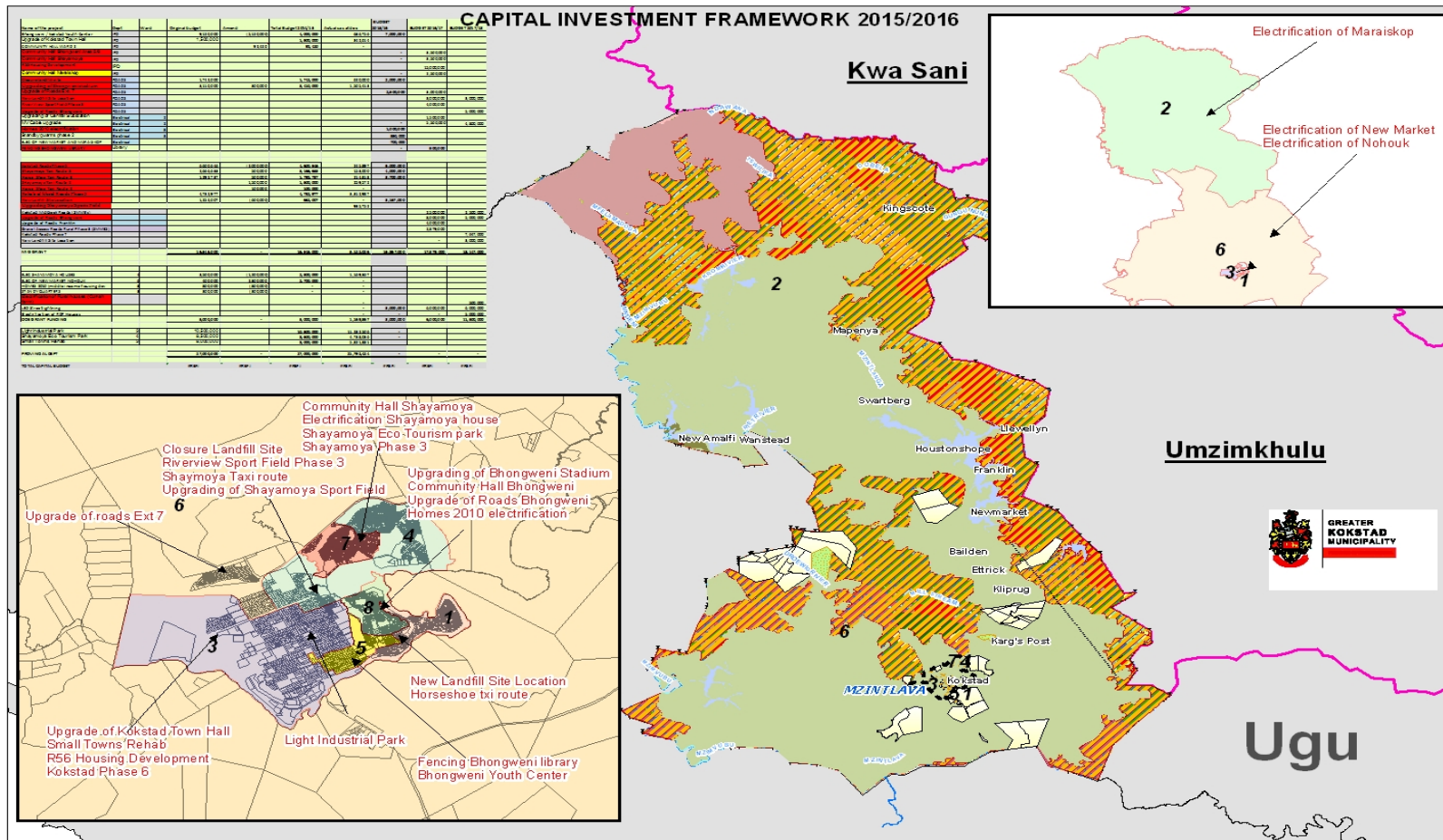
The projects were assessed against three main criteria, which each included sub criteria, and include

Table 51: Capital projects assessment key

Alignment	This investigates the alignment of the project with the NSDP, KZN GDS and District SDF.
Sustainability	This investigates the impact of the project on improved employment, improved economic empowerment, improved economic diversification, improved empowerment, and positive environmental impact
Project implementation	This investigates how easily a project can be implemented and the impact of the project in opening up other opportunities and spin-offs. It looks specifically at: improving settlement restructuring, creating critical paths for other projects, the cost of implementation, ease of implementation, and improvement to infrastructure access.

For each sub category a point out of five was allocated. This meant that each project could be allocated a score out of a possible 65. The top 20 projects were then ranked, from high to low, according to the score each project obtained. Because of the criteria used to assess the projects, certain types of projects will rank higher than others. This does not mean that this will change the priority of the project as it was assessed in the IDP but it shows the importance of the project in terms of spatial planning and the spatial impact it will have in the municipality.

Figure 18: IDP Capital Investment Framework



Projects relating to important spatial factors such as access or projects that relate to the strengths of the municipality will typically rank higher than other projects. This is a result of the rating criteria used.

The table below shows the results:

Table 63: IDP Spatial Project Prioritization																	
			Rating Matrix														
			Alignment					Sustainability					Project implementation				
Priority ranking	ward	Policy/Project Name/Ref	Cost Est. (Rest)	NSDP	KZN GDS	District SDF	Improves employment	Improves economic Empowerment	Improves economic diversification	Improves empowerment	Positive environment impact	Critical path For other projects	Cost of implementation	Ease of Implementation	Improve access to Infrastructure	Improves settlement restructuring	Total
1	3.Town	Phase 6 roads	R6,000	4	4	4	4	4	4	4	2	2	3	3	4	4	46
3	3. Town	Midblock roads	R1,000,000	4	4	4	4	4	4	4	2	2	3	3	4	3	45
2	1.Horseshoe	Rehabilitation of Horseshoe Phase 3 Taxi Route	R3,700,000	4	4	4	4	4	4	4	2	2	3	3	4	3	45
1	4. Horseshoe	New Landfill Site Location	R3,167	3	3	3	3	3	3	3	3	3	3	3	3	3	39
3	3. Town	LED Street lightning	R3,000	4	4	4	4	4	4	4	4	4	4	4	4	4	52
1	6.Ext. 7	Upgrade of Roads Ext. 7	R2,500	3	3	3	3	3	3	3	3	3	3	3	3	3	39
3	5 Bhongweni	Bhongweni / kokstad Youth Centre	R7,000	4	4	4	4	4	4	4	4	4	4	4	4	4	52
2	7. .Shayamoya	Rehabilitation of Shayamoya Roads Phase3	R4,000,000	4	4	4	3	3	3	3	2	3	3	3	4	4	43
4	3.Town	Standby quarters	R350,000	3	3	3	3	3	3	3	2	2	3	3	4	4	42
1	4 .Shayamoya	Electrification homes 2010	R1000	3	3	3	3	3	3	3	3	3	3	3	4	3	40
3	3.Town	Town Hall Furniture	R1,200,000	3	3	3	3	3	3	2	3	3	3	3	3	2	36

5.4. SPATIAL DEVELOPMENT FRAMEWORK

The preceding sections described and assessed the implication of the complexities, opportunities, and challenges of the municipal area. The vision for the municipality confirms the intension of creating a local authority committed to sustainable development and improved quality of life for its people.

This is the basic guide to actions and strategies proposed in this SDF in working towards realising the vision. The first and a very central issue to consider is the fact that the municipality's ability to intervene and contribute is limited to its powers and functions. This reinforces the need for developing partnerships with the private sector, neighbouring municipalities, the district municipality and other organs of government.

The question that remains is: "How do we do it?" The following sections aim to lay the foundation for that answer, by providing a set of building blocks to be used to restructure the municipal area, and to guide and facilitate growth and development where appropriate

5.4.1. STRATEGIC OBJECTIVES

5.4.1.1. Overall objectives

As shown in the chapter dealing with the Institutional Framework, there exist a multitude of principles, directives, and guidelines for spatial planning and development at national and provincial level.

In terms of the White Paper on Spatial Planning and Land Use Management, 2001, "The overall aim of the principles and norms is to achieve planning outcomes that:

- Restructure spatially inefficient settlements;
- Promote the sustainable use of the land resources in the country;
- Channel resources to areas of greatest need and development potential, thereby redressing the inequitable historical treatment of marginalized areas;
- Take into account the fiscal, institutional and administrative capacities of role players, the needs of communities and the environment;
- Stimulate economic development opportunities in rural and urban areas; and
- Support an equitable protection of rights to and in land.

The various principles and directives can be translated into a set of collective development objectives in accordance with the national agenda that forms the overarching objectives of the Spatial Development Framework, namely -

- To promote sustainable development;
- To promote efficient development;
- To promote equitable development;
- To ensure integrated development, and
- To improve the quality and image of the physical environment.

Table 63: Development interventions

DEVELOPMENT INTERVENTIONS		DEVELOPMENT PROBABILITY
1	Stimulate development and growth where there is proven demand.	Medium
2	Use future growth and development to consolidate and to improve municipal performance	Medium
3	To ensure sustainable use of environmental resources, their enhancement and replenishment	High
4	Capitalise on the valuable role of environmental resources.	High
5	Enhance the uniqueness, ecological sustainability, and liveability of the municipal area	High
6	Meet community needs and promote community values and aspirations	Low
7	Ensure that the municipal structure has timeless qualities and that it does not short-sightedly respond to the mere current needs, circumstances, and fashion	Medium
8	Create new social and economic opportunities and to improve access to the existing ones.	Medium
9	Promote the viability of public transport	Low
10	Promote all aspects of spatial integration.	Medium
11	Enrich people's lives, as well as to enhance uniqueness and identity of municipality by means of a readable municipal form	Medium
12	Enhance the functionality of all the elements constituting the municipal area	High
13	Create healthy, comfortable and safe living and working environments for all.	Medium
14	Instil business confidence in the municipal area as a whole by providing an enabling spatial framework that supports development.	High

5.4.1.2. Specific objectives relating to The Greater Kokstad LM

The analysis of the municipality's Strategic Institutional Framework, most notably the Integrated Development Plan, showed the local authority's development objectives for the area. These objectives were further augmented by the results of the spatial analysis, which indicated certain key aspects that need to be dealt with in the municipality. Together, the outcome of these two sets of analysis informed the specific development objectives for the municipal area that might be considered:

The development probability assigned to the objects allows one to prioritise and target those objectives that can have the biggest impact on the development of the municipal area. It is clear that certain objectives will remain problematic although not unimportant. The probability to achieve objectives informs the spatial development strategies addressed below.

5.5. SPATIAL TOOLS AND CONCEPTS

The spatial framework is developed through an interrelated set of nodes, networks and surfaces. The essence of development in this system is the movement of people, goods and services that produces the basic impetus for developing functional relationships between otherwise independent and unrelated elements. The movement of people, goods, and services are channelled along specific routes that describe a network of interaction. Where networks intersect the opportunity for people, goods and services develop to interact and this gives rise to activity nodes. The intensity of interaction gives rise to the development of a hierarchy of nodes of different sizes depending on the level of interaction taking place in a node. This one dimensional system of networks and nodes are tied together through surfaces that fill the areas between the nodes and networks.

A nodal system has the following characteristics with the subsequent implications for the SDF:

Table 64: A nodal system and the consequences for the SDF

CHARACTERISTICS OF A NODAL SYSTEM		IMPLICATIONS FOR THE SDF
1	Movement sustains the system. If movement stops the system disintegrated, conversely, the better or higher the volume of movement of people goods and services are the more vibrant and viable the system is.	Overall, the total municipal area is characterised by a poor network of roads and low movement levels are experienced in most parts of the municipal area. The modes of transport, low transport volumes, and even the fact that households are not mobile or constraint in their mobility limits the options for the Council.

2	A change in the extent and intensities of movement causes changes in the shape and structure of the system. For example, increased road traffic creates the opportunity for better quality roads and business opportunities	The best prospect for an improved spatial structure is in the areas subject to higher intensities of movement. The Council can do little to improve movement apart from continuously improving access to key areas and facilities.
3	An open system tends to sustain its structure and form over very long periods.	The low energy levels in some parts of the system will make large scale structural changes difficult to achieve. The approach will rather be to consolidate, optimise, and adjust the functioning of the spatial system within its framework and parameters.
4	From varying starting points and conditions, systems with more or less the same type of energy inputs and organisation, develop similar end conditions and structures. Urban areas across the world have more or less the same structural characteristics notwithstanding diverse starting points and conditions.	The structural elements of the spatial system are recognised. The relative strength of the system components, business, residential, industrial development, agriculture, etc. is determined by local economic growth imperatives

In order to address spatial issues and restructure development in the municipality spatial restructuring tools are required. To ensure the alignment with provincial spatial policies six spatial structuring elements have been identified and are proposed to guide future development in the municipality.

These tools should be used in a practical manner to ensure sustainable high quality settlements.

- The key objective of the structuring elements is as follows:
- Contain urban sprawl
- Promote urban and social integration
- Promote higher densities
- Create quality urban environments
- Promote pedestrian friendly environments and movement patterns
- Create a sense a place
- Enhancement of investment opportunities
- Simplifying decisions-making regarding development applications.

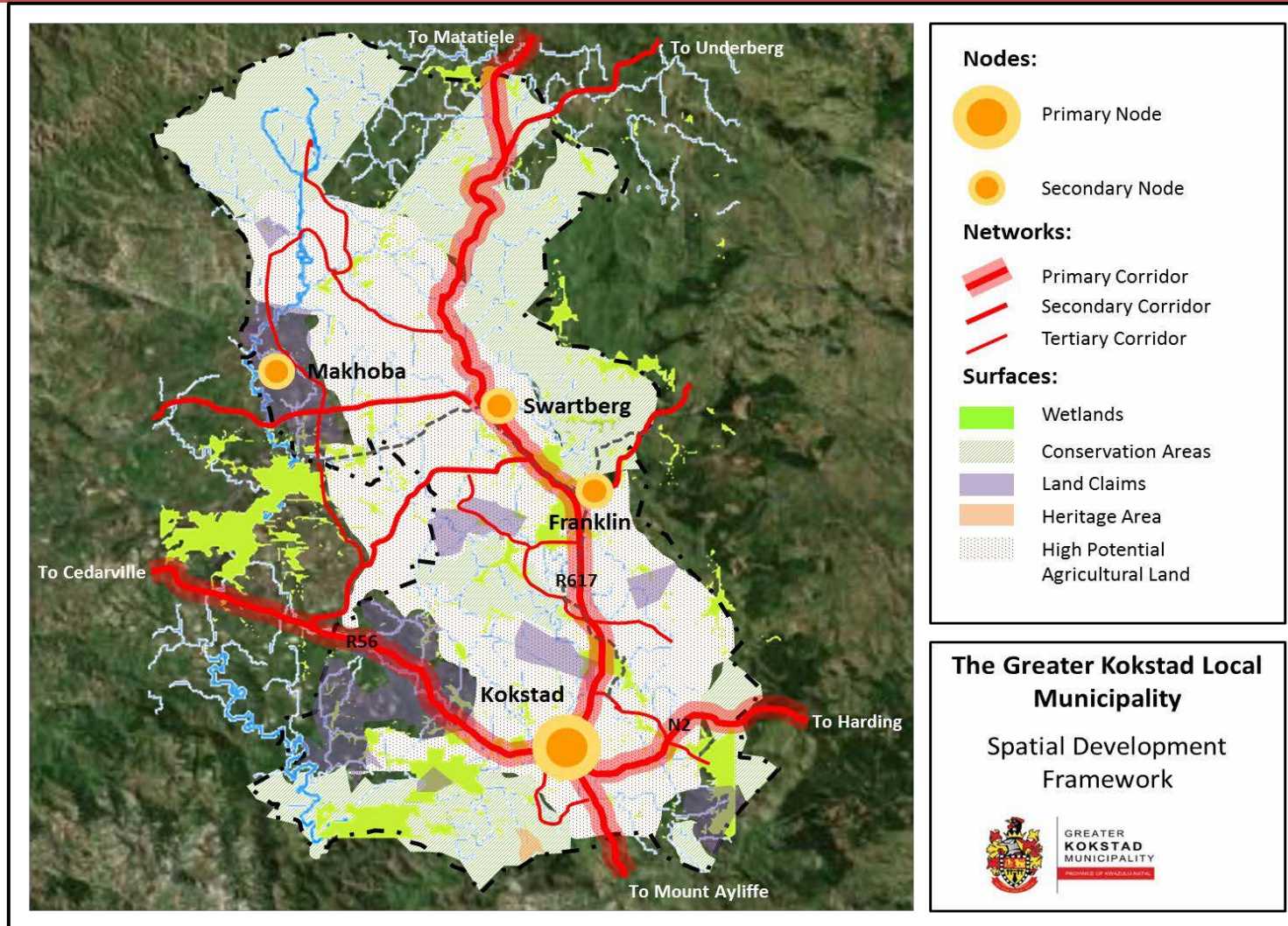
The spatial tools used include:

- Nodes
- Corridors
- Urban Edge
- Densification
- Smart growth

5.5.1. CONCEPTUAL FRAMEWORK

The conceptual framework brings together the development concept of movement, networks, nodes, hierarchies, and surfaces. It takes cognizance of the development perspective and preferred scenarios. The following shows how the broad development concept is applied in the GKLM. In the broad application of the development concept the following are of relevance:

Map 9: Conceptual Spatial Development Framework



5.5.2. NODES

Nodes are concentrations of urban development located at accessible locations such as modal interchanges and the intersections of public transport routes. These nodes should create areas of agglomeration advantages that are able to attract business and economic developments to these areas. Well-functioning urban nodes are vibrant areas comprising shopping, work, social and cultural opportunities and public transport facilities in a high quality, safe public environment.

In order to align with the provincial and district SDFs the following hierarchy of nodes will be used:

- **Primary Nodes:** These are areas/towns of significance in terms of scale, location, impact, diversity and agglomeration of function (facilities, services and economic activities), which have a significant impact on the Northern Cape Province as a whole.
- **Secondary Nodes:** This refers to the local settlements and public places. A node that has functional linkages with and impacts not extending beyond the borders of the Local Municipality in which it is located.
Typically such a node will include:
 - (1) The full spectrum of schools from primary to secondary;
 - (2) A number of clinics offering basic health services;
 - (3) A number of general health practitioners and dentists' offices;
 - (4) A local police station;
 - (5) A limited range of housing types, with the freestanding house on a separate stand still the most dominant form;
 - (6) A shopping area/district with many of the national chain shops and a number of take away shops and maybe a family restaurant;
 - (7) Branch offices of Banks; and
 - (8) A few light industries, typically located in or around the central business district.
- **Local Service centres:** This order node is described as a node that serves its inhabitants, as well as those that can reach it by bicycle or by public transport in no more than thirty minutes. This node typically has a primary school, sometimes a secondary school, other social facilities such as clinics, and a mobile police office. This node also has some retail elements such as small shops and take-away restaurants.

5.5.3. CORRIDORS

A development corridor can be defined as “... a linear strip of land or area, connecting large activity nodes, traversing urban or inter-urban areas, surrounding a major transport facility or facilities providing an appropriate regional level of mobility and accessibility to adjacent areas, and containing a high concentration of population and mixed land uses” and “... accommodate major linear transport routes like heavy and light rail and/or freeways, large shopping concentrations etc., social, cultural and sporting facilities as well as a large amount of residential accommodation”.¹

The typical elements of a development corridor are:

- Major movement infrastructure such as a railway line or highway acting as the street of the corridor;
- Supporting movement infrastructure such as local access roads that will provide access for land uses situated adjacent to the main movement street (typically the main movement line provides a high level of visibility to land uses while adjacent roads provide access to land uses.)
- The main movement street should preferably act as a conduit for public transport, with public transport facilities located along the corridor.
- Forces of attraction along the corridor, such as major destination points along the corridor which create the development impetus for eventual linear development along the corridor.
- High intensity land uses along the length of the corridor.

What is important to understand is that the corridor need not take the form of a continuous integrated

band of activity. At points of highest access along the central street, development will be more intense and of a higher order while at locations of lower access, lower intensity development or even part of a natural open space network may be found.

5.5.4. SURFACES AND OTHER DEVELOPMENT ASPECTS

The final spatial tool relates to uses or activities that relate to a larger surface and not just a point in space. These surfaces and development aspects are:

- Natural Open Space System

- Rural Development
- Urban Development
- Tourism
- Cultural Heritage
- High Potential Agricultural Land

5.5.5. SPATIAL POLICIES AND STRATEGIES

In formulating guidelines and proposals for development, the approach is to focus on a few critical issues rather than identifying a plethora of issues and needs. This means that, while taking into consideration current growth dynamics, it is better to make a few key development proposals that will focus development energy to areas where agglomeration advantages can be created and a difference can be made in the spatial structure, as opposed to identifying every possible development opportunity and never reaching critical mass with any of those.

In the rest of this chapter, each of the spatial structuring elements will be dealt with in terms of the following two aspects:

- The identification of the elements in the municipality
- Principles and guidelines for implementation and management.

It should be borne in mind that The Greater Kokstad Spatial Development Framework remains a broad strategic planning framework due to the large geographic space that it covers. It cannot therefore make detail proposals for specific areas. For that purpose precinct plans must be drafted.

5.5.6. FUTURE NODAL DEVELOPMENT

In formulating guidelines and proposals for development, the approach is to focus on a few critical issues rather than identifying a plethora of issues and needs. This means that, while taking into consideration current growth dynamics, it is better to make a few key development proposals that will focus development energy to areas where agglomeration advantages can be created and a difference can be made in the spatial structure, as opposed to identifying every possible development opportunity and never reaching critical mass with any of those.

In the rest of this chapter, each of the spatial structuring elements will be dealt with in terms of the following two aspects:

- The identification of the elements in the municipality
- Principles and guidelines for implementation and management.

It should be borne in mind that The Greater Kokstad Spatial Development Framework remains a broad strategic planning framework due to the large geographic space that it covers. It cannot therefore make detail proposals for specific areas. For that purpose precinct plans must be drafted.

5.5.7. NODES

From an efficiency and functionality perspective, the clustering of community, social and business facilities in nodes around points of highest accessibility is of vital importance, i.e. –

- By clustering facilities, a high quality node can be created that can serve as the heart of communities and promote social interaction.
- Multiple neighbourhoods can be served by social services in central points.
- The sharing of facilities between various services (e.g. buildings, logistics, parking etc.) can take place.
- Central clusters ensure enhanced accessibility and convenience for residents.

It is proposed that the following general principles apply to the development and management of nodes:

- In order to support the effective development of the node in the municipality, the development of urban non-residential land uses, such as business, retail, community facilities, and social services should be restricted to nodal areas.
- Nodes should typically be located at the main access points in urban areas, typically at the intersection of a major mobility route and the major collector route.
- These nodes should show a large degree of public investment in infrastructure, public domain and social services.
- Nodes must be characterised by mixed-use, high intensity activity and higher density residential development (maximum FAR's, coverage and height should not be restricted).

The manner in which parking in the nodal areas are treated is of importance. Large parking lots adjacent to streets should not be promoted. Buildings should be placed as close to street boundaries as possible to facilitate pedestrian movement and to define and shape the public space.

Extroverted as opposed to introverted development patterns and typologies must be promoted. Site layouts and building designs of individual developments must take cognisance of and support public transport and pedestrian movement.

The following hierarchy of nodes can be found in or are proposed for the Greater Kokstad Municipality:

- Primary nodes
- Secondary nodes

5.5.7.1. Primary Nodes

Proposed Primary Node: Kokstad

- Prime location for higher order office and small retail development.
- A variety of goods, services and specialty products are offered.
- Higher density residential development should form an integral part of the environment. However, residential development in the business area must comprise business development on ground floor.
- Investment in the quality of the public environment and good urban management are key to retaining existing and attracting new high order business activities.
- The Primary Node serves one or more neighbourhoods or areas in and around the node.
- Nature of land uses are focused on local business development and the provision of local community and social services.
- Higher density residential development should be provided around the nodes.
- Focus should be on the creation of small business opportunities for local development.
- Because this node is the focus center in local neighbourhoods, they should also fulfil the function of centers of socialization for the local population. As such, each node should be structured around a public open space such as a square or park.
- The nodes should be integrated with public transport facilities, and should as far as possible be located in such a manner that it is within walking distance for a large section of the local population.
- Main routes linking the nodes with the internal neighbourhood should have a strong pedestrian focus.

5.5.7.2. Secondary Nodes

Proposed Secondary Nodes: Franklin, Swartberg and Makhoba

- Investment focused on providing at least basic

services

- Provide rudimentary public amenities and social services
- Discourage further extension of settlements
- Focus on improved linkages

The main purpose of these nodes is to act as rural service centres and as central places in the rural environment where basic day-to-day services are delivered to the rural communities. The types of services that could be found in these centres include -

- Municipal satellite offices.
- Social and Support Services.
- Small scale (convenience) retail.
- Tourism facilities and services.
- Transportation services.

It is also possible for these centres to have unique characteristics or identities that make them attractive for certain types of development.

5.5.7.3. Future nodal development

Having assessed the major activity areas and the densification priority areas in the municipal nodal areas, it is also important to look at the residential settlement areas that lie between these activity areas, and the principles that should apply to the development of those areas.

Residential development, in particular residential development for lower income groups, must focus on social and economic integration and inclusion. Settlement development should form an integral part of the nodal areas and no housing development initiatives must be identified outside of these areas.

It is proposed that all future settlement developments that take place in the municipal area shall adhere to the principles of the policy document *Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlement*. These include principles such as:

- ✓ Residents should live in a safe and secure environment, and have adequate access to economic opportunities, a mix of safe and secure

housing and tenure types, reliable and affordable basic services, educational, entertainment and cultural activities, health, welfare and police services.

- ✓ Ensure the development of compact, mixed land use, diverse, life-enhancing environments with maximum possibilities for pedestrian movement and transit via safe and efficient public transport in cases where motorised means of movement is imperative.
- ✓ Ensure that low-income housing is provided in close proximity to areas of opportunity.
- ✓ Integrate previously excluded groups into nodal areas and the benefits it offers, and to ensure the development of more integrated, functional and environmentally sustainable human settlements, towns and cities. The latter includes densification.
- ✓ Encourage Social (Medium-Density) Housing.
- ✓ Multi-purpose cluster concept will be applied to incorporate the provision of primary municipal facilities, such as parks, playgrounds, sports fields, crèches, community halls, taxi ranks, satellite police stations, municipal clinics and informal trading facilities.
- ✓ Enhancing settlement design by including design professionals at planning and project design stages, and developing design guidelines.
- ✓ Social housing must be understood to accommodate a range of housing product designs to meet spatial and affordability requirements.

The residential settlement areas in Greater Kokstad require its own particular interventions over and above the standard principles as set out above. The following indicates the development strategies applicable to them.

It is proposed that development and investment in these service centres should focus on creating sustainable human settlements. The general qualities that must be achieved are:

- The area must be attractive, safe and convenient for people to live in.
- Residents must have access to residential amenities such as local businesses, transport facilities and social and community facilities.
- The area should have a functional local economy.
- The area must be linked to other n areas through efficient and affordable movements systems to ensure people's access to goods and services outside of the townships.
- Development and investment in these service centres should focus on creating sustainable human settlements.³

5.5.8. CORRIDORS/NETWORKS

Two types of corridors have been identified in the municipality

- Primary corridors and
- Secondary corridors

What is important to understand is that the corridor need not take the form of a continuous integrated band of activity. At points of highest access along the central spine, development will be more intense and of a higher order while at locations of lower access, lower intensity development or even part of a natural open space network may be found.

In the GK Local Municipality the following corridors are proposed: Primary Corridors:

R617, N2, and R56

- These provide high linkages with surrounding municipalities and economic nodes. Along R617 there are views of scenic beauty and landscape which can attract both domestic and international tourist thereby promoting LED projects at some locations. N2 - R56 corridor is also identified in PSEDS as provisional priority corridor SC2.

Secondary Corridors:

- D609 joining D622 to Wansbeck is a secondary corridor and also provides linkages to the Drakensberg.
- P604 connecting Matatiele to R617 provides a short cut to Pietermaritzburg and the N3 and its potential could be strengthened through tarring
- R602-1 to Creighton and Umzimkhulu provides linkage between Franklin, Umzimkhulu and Creighton.

5.5.9. ACTIVITY SPINES

Activity spines can be defined as concentrated development along mobility routes, which are typically also major public transport routes. Development can either take the

form of continuous linear development or a series of nodes along the activity spine.

The network of nodes is reinforced by a system of activity spines, which connect with these nodes. The criteria for identifying the activity spines in Greater Kokstad were -

- These activity spines must be linked to the major routes in order to support public transport where feasible.
- The activity spines must have a functional relationship with the nodes, typically acting as destinations on the activity spines.
- The activity spines must have a degree of demonstrated development potential. It is proposed that the main roads and major intersections in of all of the identified service centres be classified as activity spines.

Although there are other high order roads that could in theory also qualify as activity spines, it is important to rather focus development energy to specific areas (see principle of minimalism under “Constructing the Spatial Development Concept”).

The following Activity Spines were proposed for GKLM:

- Hope Street
- Main Street

It is proposed that the activity spines should be characterised by the following:

- High intensity, mixed land uses.
- High density residential development, either directly adjacent to the street or within a distance of 200m from the activity spines.
- The activity spines can be developed as continuous linear development areas or in the beads-on-a-string” form. The nature of public transport and the length of the route should determine the development pattern. The longer the street the more the development pattern should focus on the beads-on-a-string form. Shorter distances are more conducive to continuous linear development.
- Activity spines should show a large degree of public investment in infrastructure and the public domain.
- Large parking lots adjacent to streets should not be promoted. Buildings should be placed as close to street boundaries as possible to facilitate pedestrian movement and to define and shape the public space.
- Site layouts and building designs of individual developments must take cognisance of and

support public transport and pedestrian movement.

- Activity spines must achieve a balance between promoting access, creating pedestrian friendly environments, and accommodating mobility.

5.6. SPATIAL PLANNING TOOLS

5.6.1. THE URBAN EDGE

One of the major issues that affects the future development and spatial structure of the municipality is urban growth management. National and provincial policy directives demand of local authorities to compact urban areas and prevent continuous outward urban sprawl.

The urban edge is defined as an institutional boundary within the municipality with the sole purpose of containing physical development and sprawl and re-directing growth towards a more integrated, compact and efficient urban form.

Peripheral locations are faced with continuous outward development pressures and are typically seen as the perpetrators of sprawl. The delineation of an urban edge is vital for achieving an efficient and sustainable municipality through –

- Containment of urban sprawl;
- Intensification of development;
- Integration of urban areas;
- Protection of valuable agricultural, natural and cultural resources;
- The optimum use of existing resources in established urban areas, such as bulk service infrastructure, roads and public facilities, and
- Reducing the need for commuting as well as commuting distances.

The value of having a long term urban development boundary for the municipality is that:

- It enables long term, focused planning for infrastructure and services delivery
- It provides certainty in the market and
- It enables integrated, pro-active long term spatial planning which can direct and manage growth and development

5.6.2. INFILL AND DENSIFICATION

Densification is not an end in itself, but a means to achieve more efficient utilisation of transport, the creation of the necessary population thresholds to support community and business facilities and to prevent low density outward expansion and development on land, which is valuable from an ecological or agricultural perspective. In the case of pedestrian-orientated communities like those in

The Greater Kokstad municipality, densification helps with improving access to key facilities and amenities in the town.

It is proposed that:

- Higher density development should be focused around and within walking distance from major activity areas and transport services.
- Densities should decrease as the distance away from major activity areas increases. Higher densities in the wrong locations or which are removed from major activity areas and transport routes can be harmful to urban efficiency and sustainability.
- Densification should capitalise on existing available infrastructure.

Aspects that may influence the level of densification in a particular local context include:

- Availability of infrastructure and services which can support higher density residential development.
- Heritage aspects.
- Socio-economic characteristics.
- Topography.

General guidelines for densification can be summarised as follows:

- Promote average gross residential density of 30du/ha³ in urban settlements dependent on public transport.
- Promote average gross residential density of 15du/ha in small rural villages not dependent on public transport.

Densities should increase toward major access routes and strategic centres or cross roads as follows:

- Medium residential densities >15du/ha - 60du/ha within 1km of major transport route.
- High densities - will only be restricted by FAR, coverage and height:

o In the urban core and CBD's

- Mixed uses should be considered at higher densities
- Activity / development spines/streets can be promoted along mobility routes if offset and parallel to (service roads) or, perpendicular and linking to activity streets (access routes) are provided.

.

5.6.3. SMART GROWTH

The urban edge is not an isolated management tool, but rather part of a package of urban growth management tools that all need to be employed equally vigorously by the local authority in order to achieve desired, sustainable and efficient urban growth management.

Internationally, a sustainable approach to growth management aptly called “smart growth” is seen as the most efficient way of developing urban areas. Smart Growth is a collection of urban development strategies aimed at reducing sprawl and promoting growth that is balanced and fiscally, environmentally and socially responsible. Smart Growth tries to promote growth and development in areas with optimal opportunity, and offers an antidote to the sprawl that has resulted from unlimited low-density development further and further away from the urban centres. Rather than simply restricting development, smart growth is focussed on how and where new development should be accommodated.

The principles of smart growth are:

- New growth and development must be leveraged to improve existing areas of opportunity.
- Redevelopment of existing areas must be promoted rather than abandoning existing infrastructure and facilities only to rebuild it farther out.
- Development must be “town-centre”, transit and pedestrian oriented.
- Integrated, mixed-land uses must be promoted in strategic locations.

It is proposed that, in order to support the successful implementation of the urban edge, the municipality must focus on employing the following strategies:

- Management Zones along the urban edge. Well-functioning urban environments are structured around zones of diminishing intensity as it moves away from areas of highest opportunity. Typically the fringe of urban areas are characterised by what is termed the urban-rural transition zone, comprising low density urban development, low intensity, extensive land uses and semi-rural activities such as nurseries. The urban edge should therefore not denote a clear divide between urban and rural, but rather include management zones along the edge that makes provision for a gradual transition from an urban to a rural environment. The area directly inside the urban edge should look at lower urban intensities, while the areas directly outside the urban edge should make provision for semi-rural and rural residential activities.
- Promoting Infill development refers to the identification of vacant land parcels within the demarcated urban areas, amongst existing developments, and developing these parcels of

land according to their optimal development potential levels.

- Promoting Densification in and around strategic locations is an important antidote to urban sprawl as it looks at providing high numbers of housing units in strategic, highly accessible locations with high levels of access to economic and social opportunities. If the housing demand, or part thereof, can be satisfied through centrally located high quality higher density residential development then there will be less demand for low density residential developments on the periphery. The secret to success for stimulating the demand for higher density residential living is the quality of the urban environment in which these developments are located. These areas should therefore be focus areas for public investment in infrastructure, social services, streetscape and urban design, open spaces and general high quality, positive performing urban environments.

Managed expansion refers to the gradual and incremental outward growth of a settlement (i.e. the so-called ripple effect), but within demarcated urban development boundaries (or urban edge), as opposed to leap frog developments that are not physically and functionally integrated with the main urban area.

5.7. DEVELOPMENT SURFACES

5.7.1. NATURAL OPEN SPACE SYSTEM

Natural open space consists of areas or physical elements that have valuable ecological characteristics and include:

- Mountains and ridges
- Rivers and dams
- Environmentally sensitive areas
- Drainage lines
- Riparian zones

The protection and management of the municipality's natural environment is important for the following reasons:

- The ecological integrity of the natural open space is important in order to maintain natural systems and processes.
- The protection of the natural visual quality of the area increases the attractiveness, liveability, and investment potential of the area.
- The natural open space plays an important role in the social, mental, and physical well-being of residents.
- The natural environment forms the basis for tourism in The Greater Kokstad and it is therefore imperative that the natural environment is conserved to ensure the long term sustainability of the tourism industry in the municipality.

It is proposed that the following principles should apply to the natural open space system:

- The natural open space system should be protected from intrusive, irresponsible and ad hoc developments that damage the ecological integrity as well as visual quality of these areas. These include rural development, mining activities and agriculture.
- A continuous open space system must be developed in the municipality. This means that in certain areas where natural open space is currently affected by activities the municipality must intervene in order to ensure that these ecological corridors can be created and are able to function appropriately.
- Focus should be placed on and resources allocated to those consolidated natural open space areas where long term ecological sustainability can be achieved.

Although the Spatial Development Framework aims to make development proposals that respect the ecological integrity and environmental sustainability of the area, it has been necessary in certain instances to re-evaluate environmental potential against development potential in order to achieve the truly sustainable development of the area.

5.7.2. AGRICULTURAL LAND

Historically agricultural land has not played a significant role in urban structuring. This is based on the need for agricultural production areas in close proximity to the settlements on account of cost advantages due to proximity to the market, direct and indirect employment opportunities for settlement dwellers, stimulation of secondary business activities (e.g. marketing) and food security.

These areas should be reserved as prime agricultural land in the municipality and be protected from any development or land uses that may have a negative impact on the agricultural potential of the area.

It is proposed that the following activities may typically be permitted in the high potential agricultural area:

Activity	Definition
Agriculture	The cultivation of land for crops and plants or the breeding of animals or the operation of a game farm on an extensive basis on natural veld or land.
Agri-Industry and Agri-Processing	An enterprise for the processing of agricultural products on a farming unit or within a rural area owing to the nature, and fragility of such agricultural products (e.g. abattoirs, farm pack stores, etc.).
Agri-Village	A private settlement situated within an agricultural area and where residence

	is restricted to bona fide farm workers and their dependents of the farms involved in the development.
Agri-Tourism	A type of tourism in which travellers travel to rural areas to experience the activities and lifestyle of people living and working in the agricultural sector.

5.7.3. CULTURAL HERITAGE

Although cultural heritage is not necessarily always spatial in nature, or are not necessarily always on the same scale as other components of the spatial development concept, it is necessary to address it as part of the spatial development proposals. It forms an important part of the spatial environment and development proposals can have a harmful impact on the area's cultural heritage.

South African National Heritage Legislation makes provision for the protection of all natural and man-made heritage objects and intangible heritage. This includes rare phenomena like interesting rock formations, mountains, vistas, trees, bio-spheres, buildings, ruins, roads, animal or man-made tracks, fields, drifts, dams and furrows, graves, artwork, marked or unmarked places of worship or other religious or cultural uses etc. It also includes intangible heritage like folklore, folk art, folk dances, traditions, written and aural history, place names etc.

In general, South African National Heritage Legislation stipulates that anything older than 60 years is regarded as of potential heritage value and may therefore not be destroyed or altered without written permission by the South African National Heritage Council. Even younger objects that the general public and/or the South African National Heritage Council may regard as of heritage value can be declared as Heritage Site/Objects with the same protection.

It is proposed that the following principles apply to developments with a possible impact on cultural heritage:

- All new developments should therefore consider heritage resources as part of the environmental impact assessment process.
- All developments that affect existing structures older than 60 years or those that have been afforded protected status must adhere to the provisions of the relevant legislation.
- All gateways should be maintained as significant features. Signage along routes in the vicinity gateways must be avoided.
- Major landmarks should be conserved.
- Historical sites such as forts, battlefields, cemeteries etc. should be well maintained.

5.7.4. TOURISM

Linked to the presence of high quality natural environments in the municipality, one of the municipality's niche development areas is rural based tourism. The following tourism sectors are

active in the municipality -

- Heritage tourism
- Eco-tourism
- Outdoor recreation
- Agricultural tourism/game farming

Two very important principles, which the tourism development areas must adhere to, are quality and accessibility. Quality refers to aspects such as environmental management, availability of essential engineering services infrastructure, land use management, development control and architectural standards. Accessibility refers to the availability of and quality of movement infrastructure such as roads and rail as well as the availability of transport services in the area.

Proposed tourism facilities and services, which may be permitted in the tourism focus areas, include:

- Guest Houses and lodges.
- Cultural Villages.
- Environmental education centres.
- Restaurants, tea gardens.
- Wellness centre/spa.
- Infrastructure that serves the tourism facilities.

5.7.5. TOWN IMAGE AND PUBLIC SPACES

Town image and the quality of public spaces relate to the convenience, safety, security and enjoyment to residents and visitors' experience of the municipal area. To achieve a positive town image with positive performing urban environments, the local authority must focus on urban management together with land use management.

It is proposed that the following aspects receive attention:

- Entrances into the municipality's town and villages should be celebrated through signage, monuments or other prominent features.
- Strategic sites, which provide settings for landmarks, should be identified and utilised. Buildings located at these positions should have landmark qualities.
- Important views and vistas should not be obstructed by development.
- Public urban spaces should be well designed in terms of their function and the role they play within the urban structure and community life.
- Any development should make a positive contribution to the public environment, whether it is an urban or rural setting.

Main roads should be developed as important public space elements and treated as such with the planting of trees, maintenance of sidewalks and the provision of well designed, coordinated street furniture such as dustbins, bollards, benches, bus shelters etc.

5.8. RURAL DEVELOPMENT

Rural areas are defined as “the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas.”⁵ As shown in the contextual analysis, the largest part of the municipality comprises of a rural environment. The spatial development framework must therefore focus on how to enhance and support appropriate rural development in the area.

The rural environment in Municipality is essentially made up of the following four elements:

- Agriculture.
- Natural Open Spaces.
- Rural service centres and towns.
- Conservation and tourism.

The rural environment should be protected from development that is not in line with the rural character of the area. The most important principle that applies is that development should be restricted and that the rural character should be maintained. These areas are typically removed from major nodes or activity areas with little chance of functional integration, which means that any inappropriate development in these areas will contribute to an inefficient spatial form and functionality. Any uses that would normally occur in urban or suburban areas should not be approved outside the urban edge.

It is proposed that the following principles apply when evaluating applications for developments outside the identified urban areas and nodes:

- Uses should be rural in nature, or should require a rural setting in order to be functional or viable.
- The development should not require extensive service infrastructure.
- The development should not have any negative environmental impact.
- The development should not have any negative environmental impact
- Uses that primarily service the local market.
- Uses which are resource based.
- Uses which are located at a defined and approved service delivery centre.

It is proposed that the typical land uses that can be permitted in the rural environment include:

- Nature conservation/sensitive natural areas.
- Agricultural activities.
- Tourism and related activities.
- Conference and training facilities.
- Recreational facilities which are essentially rural in nature.
- Farm stalls and home industries.
- Resource based industries.
- Any other uses that in the municipality’s discretion fit in with the character of the area outside the urban edge, provided that such development adheres to the criteria set out above.

It is proposed that the following conditions must apply to development in rural areas:

- Subdivisions of farm portions for exclusive rural residential use or so-called rural/country estates should only be permitted around and contiguous to existing urban areas.
- Country estates, which are not situated adjacent to urban areas, should be considered with great caution. Strict requirements must be laid down for the provision of engineering services to and within these estates to ensure that it does not lead to environmental problems. The ability to provide services according to the standards set by the municipality is a pre-requisite.

These estates, outside the urban edge, should not bear any service delivery burden or consequences, financial or otherwise, for the municipality.

- Illegal land uses on farm portions, such as industrial and commercial developments that have no direct relation to agriculture, should be eradicated and moved to the urban areas or the rural towns.
- Mining activities in the rural environment may not be permitted within natural areas, or high potential agricultural areas.

5.8.1. GENERAL GUIDELINES FOR RURAL SETTLEMENTS

The following general guidelines are valuable and applicable to The Greater Kokstad municipal area and its rural nature, specifically the small rural settlements and villages. They are:

- **Build on Existing Settlement Areas, Nodes and Corridors**
It is envisaged that the location of residential settlements, where possible, is developed adjacent to or as an extension onto existing settlements; or planned at key nodal areas and along main access routes. Settlements must not be established on slopes steeper than 1:6 metres. This is to reduce the occurrence of soil erosion on steep slopes and reduces costly construction of housing infrastructure on steep slopes.
- **Conservation of Farmlands**
Consideration must be given to the carrying capacity of the land (level of agricultural potential of farm land) and, in so doing, reserve as far as possible good farmland for commonage areas and farmlands.
- **Protection of Commercial Farming Enterprises**
It is accepted that not all existing commercial enterprises can be excluded in the demarcation of settlement and commonage areas. However, it is strongly suggested that these enterprises be accommodated as far as possible in the phasing of development of settlement areas.
- **Appropriately Serviced Densification Zones**
To ensure that densification of an area does not lead to an undesirable environmental impact, it is essential that densification zones be planned and appropriately serviced in terms of water, sanitation, solid waste and refuse removal, etc.
- **Identification and Resettlement of Emerging Farmers**

It is further proposed that in terms of DRDLR proposed Integrated Land Redistribution and Agricultural Development Policy, a database of potential emerging farmers be established and that processes be initiated to identify emerging farmers within the proposed settlement zones. It is envisaged that owners of large numbers of cattle/stock be moved out of the proposed settlement zones and accommodated on farming land elsewhere in order to make additional commonage land available within the settlement zones.

- Environmental Impact of Settlement Planning

The STEP Programme has produced guidelines for wise land use decisions per conservation category i.e. conserving endangered ecosystems and to limit the loss of biodiversity

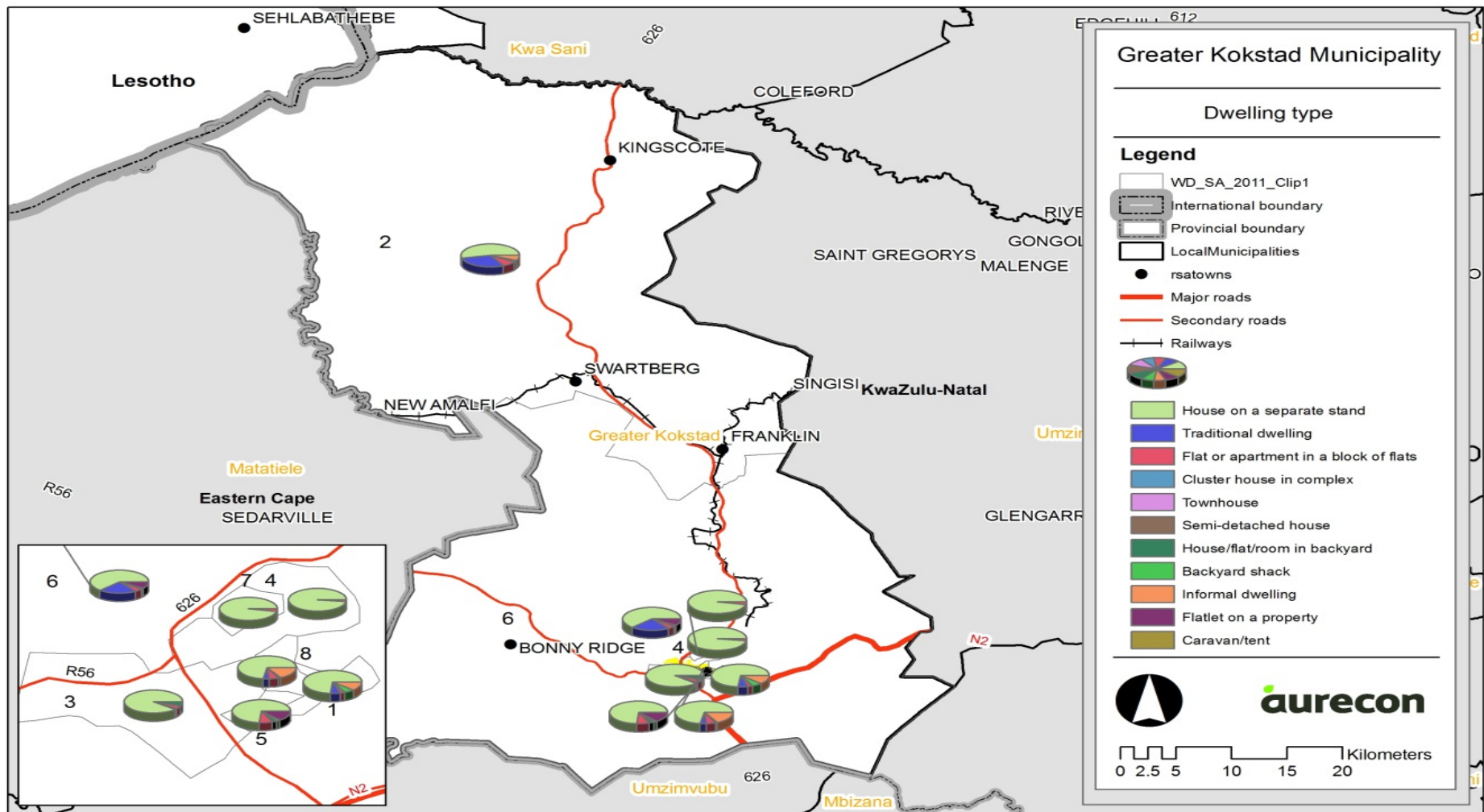
It is proposed that these guidelines be applied to all rural settlement areas in the municipality as they can direct and assist in the preferred outcomes of rural areas.

5.8.2. RURAL HOUSING DEVELOPMENT

There is a need for rural housing development in the municipality and the sustainable delivery of such housing is a priority. However, the danger of accommodating housing developments in rural environments without thorough consideration is that islands of poverty are created which have no potential for future economic development or intensive provision of social and community facilities.

It is proposed that to ensure that residents of rural settlements are not just housed in any rural location, which is devoid of services, facilities and economic opportunities, certain principles should apply that must inform the development of rural housing. These are:

- Rural housing should be developed as close as possible to existing rural service centres, or, more ideally than, as close as possible to urban areas in the municipality.
- Rural housing should focus on providing housing to people who are connected to the rural economy.
- Rural housing development should focus on particular locations in the rural environment where consolidated settlements can be developed. By focusing housing developments in particular locations in the rural environment, it will become possible to develop more sustainable settlements with all basic social services and facilities, rather than having small scattered housing settlements across the rural environment where it is not feasible to provide services and facilities to each of those settlements.



5.9. SPATIAL INTERVENTIONS

The next pages contain maps outlining the Spatial Development Frameworks for the Greater Kokstad Local Municipality and the identified nodes. The maps must be read together with the previous sections. The SDF is presented at two levels. The first is the municipal wide level as shown in the next map. The next level shows the three urban nodes, namely Kokstad town, Franklin and Swartberg in more detail.

5.9.1. THE KOKSTAD MUNICIPAL SDF

The following is relevant to the municipal SDF:

- Three nodal areas have been identified in the municipality. Kokstad town is a primary node, while Franklin and Swartberg serve as secondary nodes. These nodes were identified for different reasons. All of the nodes play a different role and serve a different function in the municipality. Each of these nodes is described in more detail later in this section.
- The N2, R56 and R617 have been identified as Primary corridors. These roads are core to the development of the municipal area. The N2 is a major national corridor, while the R617 links the nodal areas in the municipality and acts as a central movement spine through the area.
- In the south of the municipality an area of conservation has been identified. When development applications are received that fall within this area, one should be more sensitive with regards to the environmental impact a development could have.
- Area of potential conservation has also been included. These areas should be kept as is, with minimum interference to keep the rural character and natural beauty. Refer to agriculture and rural development in the section above.
- The current housing projects are indicated on the map. Most of these projects are located far from services and opportunities and are enforcing the defragmented spatial patterns that the national development agenda wants to overcome. New housing projects should be carefully considered so as to ensure this trend does not continue.

5.9.2. THE KOKSTAD TOWN NODE

Table 55: Units per land use required for infill zones

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Delivery rate used	228	456	683	911	1,139	1,367	1,594	1,822	2,050	2,278
Total population – cumulative	773	1,546	2,319	3,092	3,864	4,637	5,410	6,183	6,956	7,729
Residential	161	323	484	645	807	968	1,129	1,291	1,452	1,613
Single Res (Basic)	107	215	322	430	537	644	752	859	966	1,074
Single Res (Intermediate)	24	49	73	97	122	146	170	195	219	243
Single Res (Full Links)	8	16	25	33	41	49	58	66	74	82
Single Res (Full Hind)	19	39	58	77	97	116	135	155	174	193
Medium density(Link)	1	1	2	2	3	4	4	5	6	6
Medium density (Hind)	1	2	3	4	5	6	7	8	9	10
High density (Link)	0	0	0	1	1	1	1	1	1	1
High density (Hind)	0	0	1	1	1	1	2	2	2	2
Backyard shacks	0	0	0	0	0	0	0	0	0	0
Business	0	0	0	0	1	1	1	1	1	2
Industrial & commercial	0	0	0	0	0	0	0	0	0	0
Public spaces: recreation	0	1	1	1	2	2	3	3	4	4
Community facilities: municipal	0	0	0	0	0	0	0	0	0	0
Community facilities: other	0	1	3	5	7	10	12	15	17	18
Roads (total km)	1.5	3.1	4.6	6.2	8.4	10.8	12.4	14.0	16.2	17.7
Total stand required	163.	327.	492.	657.	824.	991.	1,157.	1,323.	1,489.	1,655.
	3	3	5	6	5	6	7	9	8	0

Only areas and issues that require direct interventions are indicated in the Kokstad node's SDF. Development in all other areas should be managed under the normal land use control instruments in the Council. The following should be noted:

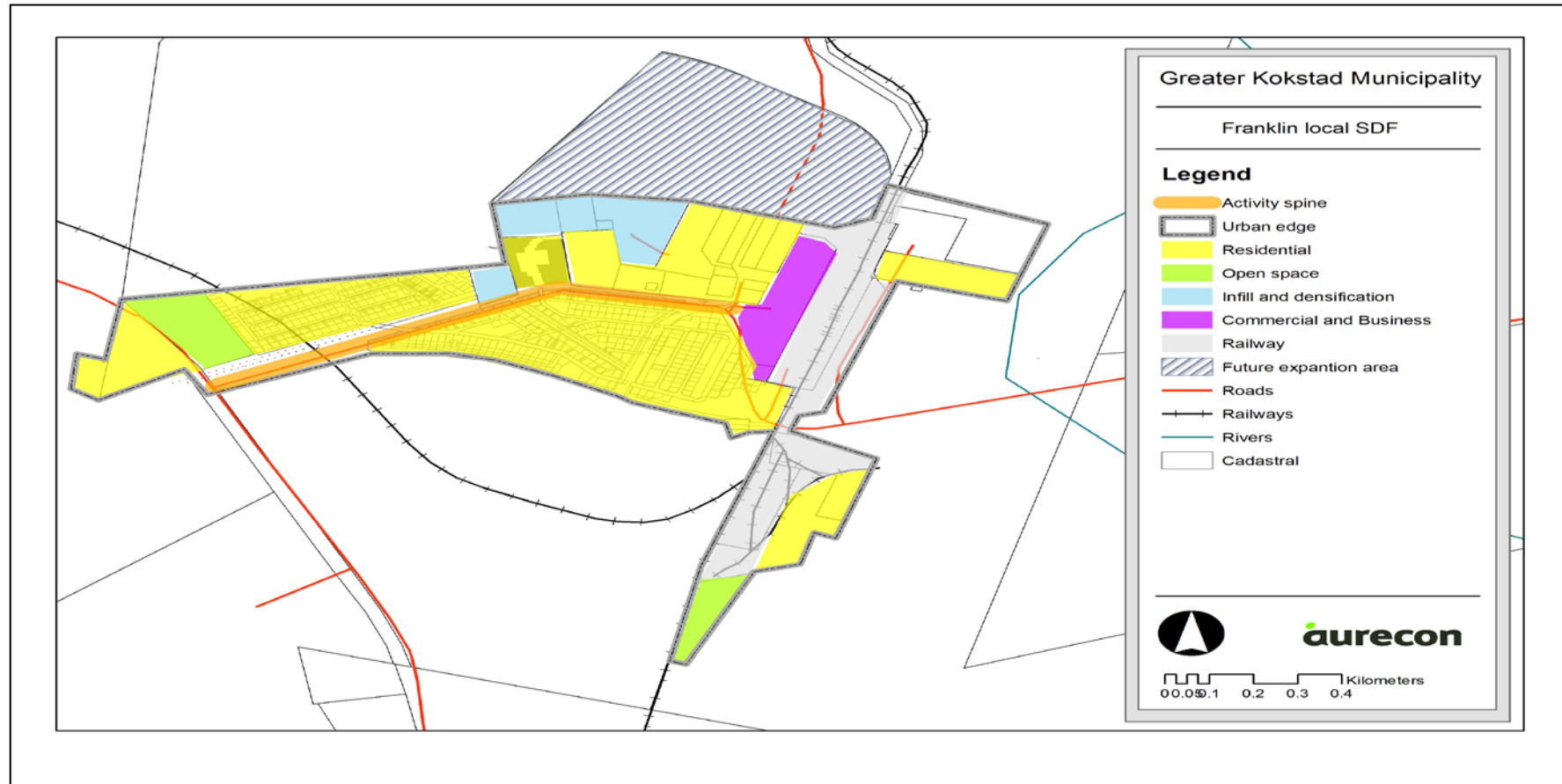
- The development regarding the urban edge, activity spine, densification zone, and infill development zones should be dealt with as indicated in the previous section.
- There is an established commercial and business area in the node. It should be emphasised and supported as the core of the node. The fact that it coincides with the activity spine strengthens the need to address the development of the business area as a priority for the Council.
- The industrial area is already established. The area should be retained as it is. There is no indication of any need for expansion but sustaining it is important in the light of the role it plays in supporting the local and regional economy.

- Bhongweni and Horseshoe to the east of the town should be retained. Bhongweni has little room for expansion because of the natural features in and surrounding the node. Can expand further to the east. This should be well considered to ensure that services are in place before any development commences. These areas should be well linked to the business and commercial core of the node.
- Open space within the node should be protected.
- The future expansion zones are included to indicate the growth direction of the node. Development of these areas should only be allowed once the infill development zones have been utilised.

The table below shows the quantification of the node. The total area of the infill zones (144ha) was used to determine the population that can be allowed in these zones and to calculate the number of units per land use required for that population. The 144ha can accommodate 7,729 people. This is far more than the growth expectations for Kokstad for the next 25 years. The infill zones are thus more than sufficient to accommodate future growth in the node.

5.9.3. THE FRANKLIN NODE

Map 12: The Franklin Node





The suggested approaches hinges on limiting expansion and to promote the inward growth of the town. The urban edge does not allow for large scale expansion. The following should be promoted:

The core of the town along the railway line and old residential areas need to be upgraded. Focus should be on infrastructure and especially roads. Limit future expansion of the node. Revitalise and upgrade the old buildings Focus on improving what is already in new buildings.

5.9.4. THE SWARTBERG NODE

Map 13: The Kokstad Town Node



According to the definition of a node Swartberg does not qualify but it was identified because of its role in the area. The following is relevant:

- New developments should not be encouraged. The node should remain a service centre to the surrounding communities.
- Small business and commercial activities can be allowed along the activity spine.
- Focus should be only to provide sufficient services.

5.10. IMPLEMENTATION FRAMEWORK

Kostad's IDP recognised a range of issues that will affect the implementation of the SDF. The areas covered in the IDP are wide ranging and link to most development sectors. This SDF goes a long way in addressing these. It does the following:

- It provides the framework for facilitating integrated development and planning in the municipal area.
- It creates a basis for interaction and support to affected communities and stakeholders.
- It prioritises the spatial dimensions of the Municipality's support strategies.

It sets the tone for a development-orientated framework of cooperation between public and private sector stakeholders in the municipal area albeit in an environment of very low development intensity.

5.10.1. IMPLEMENTATION STRATEGY

The development and implementation of the SDF is built around the powers and functions of the Kokstad Local Municipality. It is important to recognise that the Municipality can only leverage development within the framework of its powers and functions. The key is that the implementation responsibility for land use and spatial development related matters are vested with the municipality.

The identification of projects linked or supporting the SDF

To give effect to the tone and directions provided in the SDF a number of interventions are proposed. Interventions are structured along the following priority lines:

- Strategic interventions that will affect the Council's operation for the next five years.
- These interventions need to be carried into the Council's IDP and from there into the MTREF, annual budgets and operational planning.
- Projects that were identified in the previous SDF and which need to be carried forward into this SDF.
- New projects that were identified to support the implementation of the SDF.

5.10.2. SUSTAINABLE DEVELOPMENT

The municipality is clearly under financial and institutional stress. The role of budgetary processes is recognised and the projects listed in this section are not necessarily an indication that they are priority

projects. Project prioritisation is part of the IDP and budgetary processes. The projects put forward are interventions that are from a spatial planning point of view will contribute to the development of the area.

5.10.3. IMPLEMENTATION OF SDF SUPPORT PROJECTS

The SDF in its totality guides and aids decision-making on spatial development. However, in the processes of analysis and assessment a number of issues were identified that might go beyond the scope of the SDF itself and needs further attention from the Council. The following issues need specific attention:

5.10.4. REDIRECTING THE IMPETUS OF THE IDP

The assessment has shown that the need is rather now to maintain and rehabilitate existing services and infrastructure while dealing with growth as an ancillary matter rather than the driving force behind development in the municipality. Building houses and extending services do not necessarily imply development. Service delivery is also as much as about quality as it is about quantity.

There is sufficient evidence that some existing infrastructure is in an unmaintained condition and a sustained delivery process might be in jeopardy. It will therefore be necessary for the Council to address infrastructure investment planning and asset management as a core strategic activity over the next few years. This issue can be addressed through the implementation of the following project:

Table 56: Investment plan spatial rational

PROJECT 1		ASSET MANAGEMENT AND INFRASTRUCTURE INVESTMENT PLAN
1	Project rationale:	The success with achieving the outcomes of the SDF will be measured in terms of improved service delivery. Sustainable service delivery will reflect on economic and institutional development. The ability to meet the needs of the community will largely depend on the Council's ability to improve its revenue base by optimising own revenue sources
2	Objectives:	<ul style="list-style-type: none">• To enhance the financial position of the Council through sustainable infrastructure and service delivery• To compile and maintain GRAP17 compliant asset registers• To draft the necessary asset management plans

3	Issues to be addressed:	<ul style="list-style-type: none"> • Extent of demand for new assets and renewal of existing assets • Assets as per GRAP17 requirements • The characteristics and extent of the Council's customer base <ul style="list-style-type: none"> o Changes in domestic customer units o Non-residential customers ▪ Expected long term changes in the customer base of the Council ▪ Current service delivery profiles and coverage ▪ Bulk design and firm capacities ▪ Demand for reticulated and bulk infrastructure ▪ Capital requirements and funding sources <ul style="list-style-type: none"> o New infrastructure o Renewal of existing infrastructure • Assessment of the operating account in terms of the impact of capital investment • Impact on the Council's revenue base through changes in household bills and cost recovery strategies.
4	Project outcome:	<ul style="list-style-type: none"> • GRAP17 compliant asset registers • Asset management plans • Revenue enhancement strategy and implementation plan • An integrated infrastructure investment plan to guide the Council to sustainable service delivery
5	Skills required:	<ul style="list-style-type: none"> ▪ Asset management ▪ Development planning ▪ Municipal infrastructure and service delivery ▪ Municipal finance ▪ GIS
6	Timeframe:	Eight months for implementation and a subsequent 3 years maintenance project
7	Budget:	Project implementation R4 200 000 Maintenance contract: R30 000 per month for three years (R3 600 000)

5.10.5. BUDGET ALIGNMENTS

The current IDP budget shows indications of serious misalignment between needs, the capacity of the Council and the development reality. The SDF can play a pivotal role in this regard but in essence the Council needs to address its planning and prioritisation of projects within a framework of an improve institutional capacity. This is not a planning focused intervention but a general capacity improvement requirement across all activities and operations of the Council.

Table 57: SDF implementation and Budget alignment

PROJECT 2		SDF IMPLEMENTATION AND BUDGET ALIGNMENT
1	Project rationale:	The current discrepancies between various budgets are not acceptable and increase risks of non-delivery and non-performance for the Council
2	Objectives:	To establish the necessary support capacity over the next five years to ensure the implementation of the SDF
3	Issues to be addressed:	<ul style="list-style-type: none"> ▪ IDP and budget integration ▪ Implementation planning ▪ Timely procurement to ensure that targets are achieved ▪ Capacity building and skills transfer ▪ Monitoring and evaluation of implementation ▪ Performance management ▪ Annual SDF adjustments and updating
4	Project outcome:	SDF projects that are implemented according to budget and plan
5	Skills required:	<ul style="list-style-type: none"> ▪ Urban planner ▪ Municipal financial specialist ▪ Project management and procurement
6	Timeframe:	Five year maintenance contract on a retainer basis
7	Budget:	Maintenance contract at R15 000 per month for five years. (R900 000)

5.10.6. FURTHER ISSUES REQUIRING ATTENTION

Notwithstanding the two projects and interventions listed above, the following issues warrants further attention:

1. The improvement of Hope and Main Street. These roads are the backbone of development and play a very important and local role. This includes:
 - a) The rehabilitation and upgrading of the road surface.
2. The development of detailed precinct plans for Kokstad and Franklin. These plans should have a strong focus not only on the spatial aspects but the quantification of the plans and a strong focus on integration with infrastructure needs and capacities in the nodes. This will feed from the infrastructure investment plans.

5.10.7. MONITORING AND EVALUATION

The SDF is the Council's response to the expected spatial changes in the local development environment. Through the IDP the Council has set itself objectives and targets for development. The SDF provides a framework for the Council to respond to development. The key consideration is that the Council is one of a multitude of players in the environment and does not control development. It is therefore appropriate for the Council to monitor development on the broadest from but then specifically in terms of:

- The incorporation of the recommended projects into the IDP and subsequently into the budget and the implementation thereof.

- The impact of development on the biophysical environment. To this effect, the Council must ensure that the necessary EIAs are done when and where appropriate.
- Settlement changes and changes in settlement patterns must be monitored. This also applies to assessing the impact of Council decisions of urbanisation, migration and settlement.
- The impact of Council policies and decisions on the spatial integrity of the environment as outlined and described in the SDF

These four critical aspects need to be assessed annually as part of the IDP review of the Council. There is no need to create any extraordinary measures outside the day-to-day operation and management activities of the Council to meet the strategic objectives as spelled out in this report.

SECTION E.2 – CHAPTER 5 – FIVE YEAR IMPLEMENTATION PLAN

The five year implementation plan of the municipality further breaks down the goals, objectives and strategies that are in the strategic framework into performance indicators and targets. There are targets for each of the financial years from 2012/13 up until the 2016/17 financial year which is the full IDP cycle for this Council; the implementation plan is further broken down into a one year organisational scorecard. The organisational scorecard is further supported by a more operational Service Delivery Implementation Plan (SDBIP).

5.4. FIVE YEAR IMPLEMENTATION PLAN

The five year implementation plan of the municipality further breaks down the goals, objectives and strategies that are in the strategic framework into performance indicators and targets. There are targets for each of the financial years from 2012/13 up until the 2016/17 financial year which is the full IDP cycle for this Council; the implementation plan is further broken down into a one year organisational scorecard. The organisational scorecard is further supported by a more operational Service Delivery Implementation Plan (SDBIP) which is attached to this report as annexure in section I.

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To ensure provision of basic services to communities in a sustainable manner.	Develop and maintain road networks	Km road developed and maintained	10	10	13	15	17	19	74		MIG & Internal	Infrastructure Planning and Development
		Implement the public transport study & traffic studies	Completed traffic study	0	0	1	0	0	0	1		Internal	Infrastructure Planning and Development
			Number of projects implemented as per the public transport study	0	0	0	2	2	2	6		Internal	Infrastructure Planning and Development
		Reduce electricity use and supply vulnerability through increased efficiency, diversified and distributed supply	Number of meters of upgraded MV Cables	N/A	N/A	300	300	300	300	1200		Internal	Infrastructure Planning and Development

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Ensure that all qualifying people are included for the indigent subsidy	Number of households receiving the indigent subsidy	3900	3900	3900	3600	3400	3200	3200		Internal	Infrastructure Planning and Development
	To ensure proper management and maintenance of the existing infrastructure	Maintain and establish community facilities	Number of sports fields maintained weekly	4	4	4	6	6	6	6		Internal	Community development services
			Number of parks developed	0	0	1	1	1	1	4		Internal	Community development services
		Implement the GKM energy master plan	Number of projects implemented as per the energy master plan.	0	2	2	2	2	2	10		Internal	Community development services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To grow kokstad within its resources limits while containing the negative consequences of development	Facilitate the provision of sustainable human settlements.	Number of housing projects monitored per month	3	3	6	6	6	6	6		Internal	Infrastructure Planning and Development
		Reduce the amount of waste brought into kokstad and reuse waste through intelligent SCM and public awareness.	Number of beneficiaries of the Food for waste programme	100	100	900	900	900	900	4500		Internal	Community development services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To grow kokstad within its resources limits while containing the negative consequences of development	Diversify and intensify all parts of town to create safe and mixed-use neighbourhoods	Number of mixed use developments which have been established	0	N/A	N/A	1	N/A	1	2		Internal	Infrastructure Planning and Development
	Unleashing agricultural potential	Localize kokstad – promote local produce, processing, manufacturing local markets and celebrate local building materials and construction methods	Number of local tourism events supported and conducted	2	2	2	2	4	4	20		Internal	Office of the Municipal Manager

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Localize and diversify products and processing and foster s sustainable food system that includes a local culture of food	Value of locally produced food sold in a sample of four supermarkets in Rends	N/A	N/A	N/A	2m	2,5m	3m	7,5m		Internal	Office of the Municipal Manager
			Number of locally owned agro-processing businesses registered with the Kokstad Chamber of Commerce	N/A	N/A	N/A	N/A	3	4	7		Internal	Office of the Municipal Manager

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To identify and develop LED opportunities based on the functions of the municipality.	Implement the EPWP, FOOD for waste programme	Number of EPWP projects implemented per year	2	2	2	2	2	2	10		Internal	Infrastructure Planning and Development
		Employ local labour for all municipal capital projects	Number of local people employed for municipal capital projects	100	100	150	150	150	150	700		Internal	Infrastructure Planning and Development
	To establish economic growth and development in all economic sectors with a particular focus on agriculture, tourism,	Promote and support kokstad as a regional centre of excellence and innovation, with a strong focus on youth development.	Number of youth initiatives and businesses supported	16	18	18	18	18	18	90		Internal	Office of the Municipal Manager

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	manufacturing and industry	Support the establishment of Learnerships, apprenticeship and mentorship programmes with the public & private sector	Developed and functional light industrial park	N/A	0	0	0	1	0	1		Provincial treasury	Infrastructure Planning and Development
	Stimulate key sector that promote economic growth and create jobs as per local economic development	Implement small town rehabilitation programmes	Number of projects implemented	0	-	2	2	0	0	4		COGTA/internally	Infrastructure Planning and Development
	To develop a strong institution to support consultative and participatory local	Strengthen the functionality of ward committees	Number ward committee training sessions held	2	2	2	2	2	2	10		Internal	Infrastructure Planning and Development

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	government	Develop, implement and review all relevant council policies and by-laws	Number of policies and by-laws reviewed	10	10	12	12	12	12	58		Internal	Corporate Services
		Ensure proper facilitation of council, committee and MPAC meetings	MPAC, Council and committee meeting minutes to be circulated seven days before.	4	4	4	4	4	4	20		Internal	Corporate Services
	Strengthen inter-governmental relations systems	Strengthen linkages with other government departments and stakeholders	Establish IGR forum by 30 June 2014	N/A	N/A	30-06-14	N/A	N/A	N/A	30-06-14		Internal	Office of the Municipal Manager
			Number of local communicators forum held	N/A	N/A	12	12	12	12	48		Internal	Office of the Municipal Manager

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Implement the communication strategy	No of Communication strategy projects implemented per year	3	3	4	5	6	6	6		Internal	Office of the Municipal Manager
	To improve skills capacity for the municipality to render effective services.	Annually review and implement the Work Place Skills plan	Percentage of training conducted as per the work place skills plan	100	100	100	100	100	100	100		Internal	Corporate Services
		Implement the retention strategy	Percentage implementation of the retention strategy	N/A	50	60	80	90	95	95		Internal	Corporate Services
		Participate in the shared services with the district municipality	Percentage of DPSS meetings attended		100	100	100	100	100	100		Internal	Financial Services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To ensure that the municipality adheres to employment equity standards	Review and implement the employment equity plan	Number of new bursaries awarded as per EEP	1	11	25	25	25	25	111		Internal	Corporate Services
		Strengthen the functioning of the employment equity committee	Number of capacity building workshops	N/A	0	0	2	2	2	6		Internal	Corporate Services
	Promote participative, facilitative and accountable governance	Increase participation during the development and review of the IDP	Number of IDP road shows facilitated and hosted	13	13	13	13	13	13	65		Internal	Office of the Municipal Manager
		Strengthen the functioning of the Performance Management systems	Quarterly Reports Presented to EXCO / Council Meeting	4	4	4	4	4	4	20		Internal	Office of the Municipal Manager
			Quarterly individual performance reviews	4	4	4	4	4	4	20		Internal	Corporate Services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To enhance revenue base and ensure financial viability and management	Review and implement the revenue enhancement strategy	Number of projects implemented as per the revenue enhancement strategy			2	2	2	2	8		Internal	Financial Services
		Ensure timeous, regular and accurate billing of accounts	Number of Month end Billing Report generated by date		12	12	12	12	12	60		Internal	Financial Services
		Produce an annual update of the Municipal MTEF.	Annually updated MTEF(no. of updates)		1	1	1	1	1	5		Internal	Financial Services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Strengthen the functioning of the supply chain management unit	Percentage of projects implemented as per the procurement plan.		0	0	70	0	0	0		Internal	Financial Services
	To ensure that the organizations finances are managed sustainably	Monitor the implementation of the indigent subsidy	Number of qualifying households with access to free monthly basic services annually		3920	3920	3500	3250	3000	3000			Financial Services
		Reduce municipal debt	% Reduction of the debtors book by date	10%	10%	20%	10%	10%	10%	60%		Internal	Financial Services
		Ensure timoues disbursements of funds to all creditors owed by the municipality	Turnaround time of payments from approved invoice till payment	Within 30 days of receipt of approved invoice	Within 30 days of receipt of approve d invoice	Within 30 days of receipt of approve d invoice	Within 30 days of receipt of approve d invoice	Within 30 days of receipt of approve d invoice	Within 30 days of receipt of approve d invoice	Within 30 days of receipt of approve d invoice		Internal	Financial Services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year 1	Year 2	Year 3	Year 4	Year 5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Regular review and updating of the Assets register	Number of updates on the assets register	12	12	12	12	12	12	60		Internal	Financial Services
	To manage pressures on biodiversity and disaster management plan	Connect integrate and rehabilitate special places and natural corridors to create an intact, functional and flourishing natural system.	Number of ISDP projects implemented	N/A	N/A	2	2	2	2	8		Internal	Financial Services
		Annually review and implement the Disaster management plan	Annually review the disaster management plan		1	1	1	1	1	5		Internal	Community development services

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
	To develop viable alternative energy generation options	Reduce electricity use and supply vulnerability through increased efficiency and diversified and distributed supply	Number of Conventional Meters converted into Prepaid Meters	100	100	250	250	250	250	1100		Internal	Infrastructure Planning and Development
	To activity promote spatial concentration and co-ordination of development interventions	Diversify and intensify all parts of town to create complete neighbourhoods that are safe and mixed use, providing equal access to opportunity	Review the Land use management schemes	Drat LUMS in place	0	0	LUMS reviewed	0	0	LUMS reviewed		Internal	Infrastructure Planning and Development

KEY Challenge	Municipal Objective	Municipal strategies	Performance Indicators	Baseline (2014/15)	TARGETS					5 year Target	Budget estimate	Source	Responsible Municipal Dept
					Year	Year	Year	Year	Year				
					1	2	3	4	5				
					2012/1 3	2013/1 4	2014/1 5	2015/1 6	2016/1 7				
		Strengthen the establishment of a hierarchy of nodes with clearly define functions & intervention per node	No of SDF Reviews	1	1	1	1	1	1	5		Internal	Infrastructure Planning and Development
	Integrated land Management & spatial Planning initiatives	Integrate the physical structure of the town and connect and cluster appropriate amenities, services and economic hubs around a new public space systems	Number of ISDP projects Implement	0	0	2	2	2	2	8		Internal/external funding sources	Office of the Municipal Manager
	Kokstad is lively and interesting with a wide range of economic and social choices and opportunities	Increase the range mix and intensity of opportunity ,accommodation, services and amenities and entertainment	Number of mixed use developments facilitated		0	0	1	2	0	3		Internal	Infrastructure Planning and Development

SECTION F. – CHAPTER 6 – FINANCIAL PLAN

6.1. BUDGET ASSESSMENT

6.1.1. CREDIBILITY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Some of these revenue collection strategies are electricity cut offs of consumers on arrears more than 30 days, signing of acknowledgement of debts and making arrangements as per council policies and bylaws on debt collection and credit control. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No74 and No75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and with also ensuring the non-declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process; and
- Availability of affordable capital.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual Final budget;

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

	Adjusted Budget year 2014/15	Budget year 2015/16	Budget year +1 2016/17	Budget year +2 2017/18
R thousands				
Total Operating Revenue	268,896,706	294,854,742	291,032,866	321,455,594
Total Operating Expenditure	272,631,729	322,738,709	334,223,076	355,228,479
Surplus (Deficit) For the year	-3,742,466	-27,883,967	-43,190,210	-33,772,885
Total Capital Expenditure	60,056,620	37,967,000	79,821,000	45,508,800

Total operating revenue has increased by 10 per cent or R25million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 0.0 and 0.0 per cent respectively, equating to a total revenue growth of R8 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R322, 7million and translates into a budgeted deficit of R27 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 18 per cent in the 2015/16 budget and increase by 4 and 6 per cent for each of the respective outer years of the MTREF.

The capital budget of R37 million for 2015/16 is 58 per cent less when compared to the 2014/15 Adjustment Budget. .

Operating Revenue Framework

For Greater Kokstad Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;

- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	52 046	67 242	83 223	88 435	88 435	88 435	88 435	91 493	95 842	101 455
Property rates - penalties & collection charges		2 641	4 016	2 543	1 910						
Service charges - electricity revenue	2	73 141	79 489	86 011	95 711	95 711	95 711	95 711	107 388	112 542	119 182
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	12 147	10 158	9 241	10 074	13 957	13 957	13 957	14 738	15 446	16 357
Service charges - other		2 750	2 186	1 705	1 149	1 149	1 149	1 149	1 213	1 287	1 367
Rental of facilities and equipment		1 018	817	688	738	798	798	798	936	981	1 039
Interest earned - external investments		771	432	1 049	1 090	2 290	2 290	2 290	2 701	2 831	2 998
Interest earned - outstanding debtors		-	-	-	-	3 241	3 241	3 241	3 422	3 587	3 798
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 457	389	1 263	201	1 133	1 133	1 133	1 197	1 270	1 348
Licences and permits		2 890	3 692	3 347	3 307	3 307	3 307	3 307	3 492	3 705	3 935
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		47 004	53 729	56 199	53 676	54 676	54 676	54 676	53 928	50 294	46 534
Other revenue	2	228	3 443	5 442	2 710	4 201	4 201	4 201	4 346	3 248	3 441
Gains on disposal of PPE		22	-	-	-	-	-	-	10 000	-	20 000
Total Revenue (excluding capital transfers and contributions)		196 115	225 594	250 711	259 000	268 897	268 897	268 897	294 855	291 033	321 456

Table 3 Percentage growth in revenue by main revenue source

	Adjusted Budget year 2014/15	%	Budget year 2015/16	%	Budget year 2016/17	%	Budget year 2017/18	%
R thousands								
Revenue By Source								
Property rates	88,435	32.89	91,493	31%	95,842	33%	101,455	32%
Property rates - penalties & collection charges								
Service charges - electricity revenue	95,711	35.59	107,388	36%	112,542	39%	119,182	37%
Service charges - water revenue			-		-			
Service charges - sanitation revenue			-		-			
Service charges - refuse revenue	13,957	5.19	14,738	5%	15,446	5%	16,357	5%
Service charges - other	1,149	0.43	1,213	0%	1,287	0%	1,367	0%
Rental of facilities and equipment	798	0.30	936	0%	981	0%	1,039	0%
Interest earned - external investments	2,290	0.85	2,701	1%	2,831	1%	2,998	1%
Interest earned - outstanding debtors	3,241	1.21	3,422	1%	3,587	1%	3,798	1%
Dividends received			-					
Fines	1,133	0.42	1,197	0%	1,270	0%	1,348	0%
Licences and permits	3,307	1.23	3,492	1%	3,705	1%	3,935	1%
Agency services			-					
Transfers recognised - operational	54,676	20.33	53,928	18%	50,294	17%	46,534	14%
Other revenue	4,201	1.56	4,346	1%	3,248	1%	3,441	1%
Gains on disposal of PPE			10,000	3%	-		20,000	6%
Total Revenue (excluding capital transfers and contributions)	268,897	100.00	294,855	100.00	291,033	100.00	321,456	100

in line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R214 million or 73 per cent. This increases to R225 million, and R238million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 77 per cent in 2017/18 to 74 per cent in 2016/17. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		44 986	50 777	50 390	50 250	50 250	50 250	50 127	46 434	42 455
Local Government Equitable Share		42 946	48 477	47 950	47 616	47 616	47 616	47 497	43 752	39 622
Finance Management		1 250	1 500	1 550	1 700	1 700	1 700	1 700	1 725	1 800
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
Other transfers/grants [insert description]										
Provincial Government:		1 315	6 203	2 461	3 426	3 426	3 426	3 801	3 860	4 079
Sport and Recreation					150	150	150	150	-	-
KZN Arts and Culture				1 461	1 522	1 522	1 522	1 654	1 741	1 829
LED		483		-	-	-	-			
Library		832		-	-	-	-			
Library / Community - IDP/ Public Works			6 203	-	-	-	-			
EPWP				1 000	1 754	1 754	1 754	1 997	2 119	2 250
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	46 301	56 980	52 851	53 676	53 676	53 676	53 928	50 294	46 534
<u>Capital Transfers and Grants</u>										
National Government:		15 927	19 320	18 342	21 245	21 545	21 545	19 867	23 379	29 647
Municipal Infrastructure Grant (MIG)		15 927	19 320	18 342	16 545	16 545	16 545	16 867	17 379	18 147
DOE					4 700	5 000	5 000	3 000	6 000	11 500
Other capital transfers/grants [insert desc]										
Provincial Government:		-	4 251	28 677	27 000	27 000	27 000	-	-	-
Shayamoya Eco - Complex		-	-	13 677	8 500	8 500	8 500	-	-	-
Pound Management		-	1 000							
Development of light industrial Park		-	-	7 000	10 500	10 500	10 500	-	-	-
Small town Rehabilitation			3 251	8 000	8 000	8 000	8 000	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	15 927	23 571	47 019	48 245	48 545	48 545	19 867	23 379	29 647
TOTAL RECEIPTS OF TRANSFERS & GRANTS		62 228	80 551	99 870	101 921	102 221	102 221	73 795	73 673	76 181

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the

impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Property Rates

Local Government: Municipal Property Rates Act 6 of 2004 (hereinafter referred to as the MPRA) and Section 62 (1) (f) of the Local Government: Municipal Finance Management Act 56 of 2003 (hereinafter referred to as the MFMA) provides that a Municipality should adopt and implement a policy on the levying of Rates on rateable property. Section 3 of the Act provides that the Rates Policy takes effect on the effective date of the first valuation roll prepared by the Municipality in terms of this Act. This document sets out the Policy of the Greater Kokstad Municipality and must be read with the MPRA. In applying the rates policy the Municipality will meet the requirements of the MPRA and the MFMA, including any Regulations made under these Acts. The rates policy as set out in this document arises from and is prepared in keeping with the tenor of the preamble and the detail of the legislation in the Local Government: Municipal Property Rates Act No. 6 of 2004. All of the provisions contained in that legalisation have been taken into consideration in the preparation of this rates policy.

The following stipulations in the Property Rates Policy are highlighted:

- All residential properties with the market value of less than R40 000.00 are exempted from paying rates. The R15 000.00 impermissible rates contemplated in terms of Section 17(1) (L) of the Municipal Property Rates Act is included in the amount of R40 000.00.

Subject to the provision of multiple use properties where a property is used for multiple purposes, each part of the property shall be separately valued and the rebate applicable to such use shall be granted in respect of that part.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on values increase from 1 July 2015 is contained below:

Table 5 Comparison of proposed rates to levied for the 2015/15 financial year

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	C	
Residential properties	0.014000	0.014784
Government	0.035592	0.037585
Agricultural/Farms	0,003360	0,003696
Vacant land	0.014000	0.029568
Commercial, Business & Industrial	0.027762	0.029317
Public Service Infrastructure	0,003360	0,003548
Public benefit organisation properties	0,014000	0,003696

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14, 24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	113.69	127.56	13.87	12,20%
250	113.69	127.56	13.87	12,20%
500	181.45	203.59	22.14	12,20%
750	181.45	22.59	22.14	12,20%
1 000	170.67	191.49	20.82	12,20%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2015. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity of municipality and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus. On consideration of inflation forecast and the provisioning of the cleansing safety services in ensuring that the municipal citizens are leaving in a clean and healthy environment also are safe from fire damages, the charges on refuse removals and general cleaning of the municipal area are proposed to increase by 5.6%. The following table compares current and proposed amounts payable from 1 July 2015:

Table 7 Comparison between current waste removal fees and increases

	WASTE REMOVAL	MUNICIPALITY CLEANING	WASTE REMOVAL	MUNICIPALIT Y CLEANING
Tariff per container per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers.)	Per month (R) 2014/2015		Per month (R) 2015/2016	
Per Bin per month	308.34	308.34	325.61	325.61
Refuse for bulk containers per month	503.78	503.78	531.99	531.99
Cost per removal per container	176.58	176.58	186.47	186.47
Not exceeding two removals per week	209.34	209.34	221.06	221.06

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

All other municipal charges for the direct services provided on municipal citizen's request are proposed to increase by 5.6%. These are services like use of municipal facilities, cemetery services, other traffic management services, building control services, planning services and etc.

Table 8 KZN 433 GREATER KOKSTAD Table SA14 – Household bills

KZN433 Greater Kokstad - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		47 951.28	2 383.42	2 550.20	2 677.77	2 677.77	2 677.77	5.6%	2 827.73	2 963.46	3 138.30
Electricity: Basic levy		806.25	960.00	1 027.20	1 103.11	1 103.11	1 103.11	5.6%	1 164.88	1 220.80	1 292.83
Electricity: Consumption		53 815.00	5 600.00	2 200.00	2 362.58	2 362.58	2 362.58	5.6%	2 494.88	2 614.64	2 768.90
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 884.30	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		104 456.83	9 129.75	5 976.77	6 353.99	6 353.99	6 353.99	5.6%	6 709.82	7 031.89	7 446.77
VAT on Services											
Total large household bill:		104 456.83	9 129.75	5 976.77	6 353.99	6 353.99	6 353.99	5.6%	6 709.82	7 031.89	7 446.77
% increase/-decrease			(91.3%)	(34.5%)	6.3%	-	-		5.6%	4.8%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		863.28	1 400.00	1 572.90	1 660.98	1 660.98	1 660.98	5.6%	1 754.00	1 838.19	1 946.64
Electricity: Basic levy		806.25	740.00	831.61	893.07	893.07	893.07	5.6%	943.08	988.35	1 046.66
Electricity: Consumption		3 441.25	2 940.00	1 575.00	1 691.39	1 691.39	1 691.39	5.6%	1 786.11	1 871.84	1 982.28
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 884.30	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		6 995.08	5 266.33	4 178.88	4 455.98	4 455.98	4 455.98	5.6%	4 705.51	4 931.37	5 222.33
VAT on Services											
Total small household bill:		6 995.08	5 266.33	4 178.88	4 455.98	4 455.98	4 455.98	5.6%	4 705.51	4 931.37	5 222.33
% increase/-decrease			(24.7%)	(20.6%)	6.6%	-	-		5.6%	4.8%	5.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		5 600.42	542.00	579.94	612.42	612.42	612.42	5.6%	646.71	677.75	717.74
Electricity: Basic levy			560.00	599.20	643.48	643.48	643.48	5.6%	679.52	712.13	754.15
Electricity: Consumption		750.00	1 143.80	1 223.87	1 314.31	1 314.31	1 314.31	5.6%	1 387.92	1 454.54	1 540.35
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 238.60	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		7 589.02	2 432.13	2 602.38	2 780.75	2 780.75	2 780.75	5.6%	2 936.47	3 077.42	3 258.99
VAT on Services											
Total small household bill:		7 589.02	2 432.13	2 602.38	2 780.75	2 780.75	2 780.75	5.6%	2 936.47	3 077.42	3 258.99
% increase/-decrease			(68.0%)	7.0%	6.9%	-	-		5.6%	4.8%	5.9%

Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Expenditure By Type											
Employee related costs	2	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors		4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Debt impairment	3	1,428	13,228	12,763	15,000	13,000	13,000	13,000	13,000	13,624	14,428
Depreciation & asset impairment	2	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges		728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Bulk purchases	2	51,611	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Other materials	8	1,198									
Contracted services		21,584	24,130	16,765	15,953	23,253	23,253	23,253	24,599	25,782	27,302
Transfers and grants		2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	4, 5	52,174	50,972	24,891	27,448	20,608	20,608	20,608	37,761	39,592	41,927
Loss on disposal of PPE											
Total Expenditure		245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)		(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital		26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647

The budgeted allocation for employee related costs for the 2015/16 financial year totals R103 million, which equals 32 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7% per cent for the 2015/16 financial year. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 86 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R15million and escalates to R16million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R42 million for the 2015/16 financial and equates to 15 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Priority given to repairs and maintenance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 003	3 586	1 481	5 298	5 095	5 095	7 983	8 366	8 859
Infrastructure - Road transport		-	-	697	3 500	3 247	3 247	3 247	3 403	3 604
Roads, Pavements & Bridges				697	3 500	3 247	3 247	3 247	3 403	3 604
Storm water										
Infrastructure - Electricity		-	-	784	1 798	1 798	1 798	4 681	4 905	5 195
Generation				266	1 798	1 798	1 798	4 681	4 905	5 195
Transmission & Reticulation										
Street Lighting				519						
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		2 003	3 586	-	-	50	50	55	58	61
Waste Management										
Transportation										
Gas										
Other		2 003	3 586	-	-	50	50	55	58	61
Community		-	-	875	1 042	1 271	1 271	2 378	2 501	2 644
Parks & gardens				725	403	646	646	1 303	1 365	1 446
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries					337	110	110	110	115	122
Recreational facilities										
Fire, safety & emergency					23	20	20	20	21	22
Security and policing				29	30	45	45	45	47	50
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other				121	250	450	450	900	952	1 005
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	821	895	1 295	1 295	1 290	1 352	1 432
General vehicles				777	840	1 240	1 240	1 190	1 247	1 321
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment					50	50	50	50	52	55
Computers - hardware/equipment				44	5	5	5	50	52	55
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	2 003	3 586	3 177	7 235	7 661	7 661	11 650	12 218	12 935

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 52.1 per cent in the 2015/16 financial year, from R7, 7 million to R11, 6 million. In relation to the total operating expenditure, repairs and maintenance comprises of 2.36, 2.26 and 2.56 per cent for the respective financial years of the MTREF

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3 500 or more indigent households during the 2015/16 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act

Free Basic Services: Basic Social Services Package

KZN433 Greater Kokstad - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Piped water inside yard (but not in dwelling)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Using public tap (at least min.service level)	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (at least min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (< min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No water supply		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Flush toilet (with septic tank)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemical toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pit toilet (ventilated)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (> min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (< min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No toilet provisions		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Refuse:										
Removed at least once a week		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
<i>Minimum Service Level and Above sub-total</i>		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
Removed less frequently than once a week										
Using communal refuse dump		806	806	774	776	776	776	775	775	775
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		806	806	774	776	776	776	775	775	775
Total number of households	5	187 806	10 286	9 739	9 305	9 305	9 305	9 740	10 269	10 801
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Refuse (removed at least once a week)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		574	1 584	2 033	2 296	2 296	2 296			
Refuse (removed once a week)		1 318	8 760	8 546	3 300	3 300	3 300	2 033	2 153 371	2 280 419
Total cost of FBS provided (minimum social package)		1 892	10 344	10 580	5 596	5 596	5 596	9 025	2 153	2 280
Highest level of free service provided										
Property rates (R value threshold)		40 000	40 000	3 510 423	40 000	40 000	40 000	3 707 006	3 925 720	4 157 337
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		151 500	193 750	169 450	169 450	169 450	169 450	169 450	179 448	190 035
Refuse (average litres per week)		493 132	722 029	20 334	713 520	713 520	713 520	20 334	21 534	22 804
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		40	3 626	712	3 699	3 699	3 699	752	795 869	842 826
Property rates (other exemptions, reductions and rebates)		11 684	20 028	1 186	7 972	7 972	7 972	1 253	1 326 449	1 404 709
Water										
Sanitation										
Electricity/other energy		574	1 585	2 033	2 296	2 296	2 296	2 033	2 153 371	2 280 419
Refuse		1 318	730	8 546	3 300	3 300	3 300	9 025	9 557 178	10 121 052
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other			395	386				407	431 535	456 996
Total revenue cost of free services provided (total social package)	6	13 616	26 364	12 863	17 267	17 267	17 267	13 470	14 264	15 106

Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 10 MBRR Table A1 - Budget Summary
Explanatory notes to MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	54,687	71,259	85,766	90,345	88,435	88,435	88,435	91,493	95,842	101,455
Service charges	88,038	91,834	96,957	106,933	110,816	110,816	110,816	123,339	129,275	136,906
Investment revenue	771	432	1,049	1,090	2,290	2,290	2,290	2,701	2,831	2,998
Transfers recognised - operational	47,004	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Other own revenue	5,615	8,340	10,739	6,956	12,680	12,680	12,680	23,393	12,791	33,562
Total Revenue (excluding capital transfers and contributions)	196,115	225,594	250,711	259,000	268,897	268,897	268,897	294,855	291,033	321,456
Employee costs	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors	4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Depreciation & asset impairment	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges	728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Materials and bulk purchases	52,809	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Transfers and grants	2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	75,186	88,330	54,418	58,401	56,861	56,861	56,861	75,360	78,998	83,657
Total Expenditure	245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)	(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital	26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Capital expenditure & funds sources										
Capital expenditure	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Transfers recognised - capital	26,599	31,412	27,170	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	40,603	13,668	14,994	16,087	11,512	11,512	11,512	18,100	56,442	15,862
Total sources of capital funds	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Financial position										
Total current assets	29,339	22,989	28,465	18,851	104,702	104,702	104,702	73,607	77,400	81,379
Total non current assets	469,841	507,160	506,755	475,777	513,854	513,854	513,854	588,995	622,138	655,457
Total current liabilities	40,802	54,548	32,575	19,549	21,768	21,768	21,768	43,219	45,158	47,662
Total non current liabilities	18,030	23,832	22,917	22,031	17,706	17,706	17,706	18,950	19,115	15,998
Community wealth/Equity	440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
Cash flows										
Net cash from (used) operating	40,470	28,769	69,813	71,569	104,578	104,578	104,578	29,811	23,464	20,135
Net cash from (used) investing	(38,371)	(44,656)	(37,555)	(64,632)	(60,357)	(60,357)	(60,357)	(26,717)	(79,821)	(25,509)
Net cash from (used) financing	1,285	7,134	(2,803)	(2,699)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
Cash/cash equivalents at the year end	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)
Cash backing/surplus reconciliation										
Cash and investments available	8,229	3,454	13,535	7,967	58,864	58,864	58,864	56,924	59,576	62,363
Application of cash and investments	19,059	35,528	17,489	100	(35,573)	(35,573)	(35,573)	17,165	18,144	19,156
Balance - surplus (shortfall)	(10,830)	(32,074)	(3,954)	7,867	94,436	94,436	94,436	39,759	41,432	43,207
Asset management										
Asset register summary (WDV)	469,841	506,418	506,014	475,035	513,112	513,112	588,253	588,253	620,963	654,386
Depreciation & asset impairment	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Renewal of Existing Assets	-	-	-	45,217	40,789	40,789	40,789	23,300	42,379	38,947
Repairs and Maintenance	2,003	3,586	3,177	7,235	7,661	7,661	11,650	11,650	12,218	12,935
Free services										
Cost of Free Basic Services provided	1,892	10,344	10,580	5,596	5,596	5,596	9,025	9,025	2,153	2,280
Revenue cost of free services provided	13,616	26,364	12,863	17,267	17,267	17,267	13,470	13,470	14,264	15,106
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	1	1	1	1	1	1	1	1	1	1

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2015/16 the water backlog will have been very nearly eliminated

Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
<i>Governance and administration</i>		124,903	148,626	154,113	142,888	146,836	146,836	149,058	150,070	152,165
Executive and council		3,801	197	12,118	-	-	-	-	-	-
Budget and treasury office		120,851	146,829	141,819	142,620	146,574	146,574	148,775	149,774	151,851
Corporate services		251	1,600	176	268	262	262	283	296	314
<i>Community and public safety</i>		13,919	17,294	12,327	8,498	9,590	9,590	10,521	10,984	11,643
Community and social services		1,162	2,068	2,664	3,586	3,646	3,646	4,042	4,269	4,513
Sport and recreation		139	204	302	255	255	255	261	116	123
Public safety		5,197	5,878	6,314	4,657	5,689	5,689	6,219	6,598	7,007
Housing		7,421	9,143	3,047	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,986	1,391	19,362	1,239	2,239	2,239	28,643	18,717	39,564
Planning and development		1,354	1,389	1,021	1,235	2,235	2,235	11,273	1,334	21,413
Road transport		16,632	2	18,341	3	4	4	17,371	17,383	18,151
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		85,424	89,694	95,364	106,375	110,258	110,258	126,499	134,641	147,731
Electricity		73,277	79,535	86,123	96,301	96,301	96,301	111,761	119,196	131,374
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		12,147	10,158	9,241	10,074	13,957	13,957	14,738	15,446	16,357
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	242,232	257,004	281,166	259,000	268,923	268,923	314,722	314,412	351,103
Expenditure - Standard										
<i>Governance and administration</i>		137,257	139,027	122,685	122,364	124,584	124,584	123,268	130,091	138,309
Executive and council		25,138	32,479	16,045	16,241	17,933	17,933	20,972	22,344	23,880
Budget and treasury office		94,497	79,447	82,818	81,619	79,392	79,392	74,117	77,932	82,685
Corporate services		17,622	27,101	23,823	24,503	27,259	27,259	28,180	29,815	31,745
<i>Community and public safety</i>		35,380	39,609	31,192	30,754	29,843	29,843	34,486	36,756	39,317
Community and social services		6,963	9,243	7,062	8,898	8,214	8,214	9,766	10,408	11,127
Sport and recreation		3,470	5,008	5,083	4,884	5,265	5,265	6,358	6,779	7,250
Public safety		17,526	18,521	17,168	16,973	16,364	16,364	18,362	19,568	20,941
Housing		7,421	6,837	1,879	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19,361	19,692	17,748	22,820	22,063	22,063	35,195	37,331	39,795
Planning and development		10,516	10,596	9,318	10,423	10,103	10,103	22,783	24,112	25,669
Road transport		8,845	9,096	8,430	12,397	11,961	11,961	12,412	13,219	14,126
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		72,737	79,221	79,325	95,814	96,118	96,118	129,789	136,444	144,626
Electricity		63,554	69,587	71,290	88,243	88,318	88,318	112,170	117,797	124,766
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9,183	9,634	8,035	7,571	7,800	7,800	17,618	18,648	19,859
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	264,735	277,549	250,951	271,752	272,608	272,608	322,739	340,622	362,047
Surplus/(Deficit) for the year		(22,503)	(20,546)	30,215	(12,752)	(3,685)	(3,685)	(8,017)	(26,210)	(10,944)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	12,118	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	176	268	262	262	283	296	314
Vote 3 - BUDGET AND TREASURY		-	-	141,819	142,620	146,574	146,574	148,775	149,774	151,851
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	2,966	3,841	3,901	3,901	4,303	4,386	4,636
Vote 5 - PUBLIC SAFETY		-	-	6,314	4,657	5,689	5,689	6,219	6,598	7,007
Vote 6 - WAST MANAGEMENT		-	-	9,241	10,074	13,957	13,957	14,738	15,446	16,357
Vote 7 - PLANNING AND DEVELOPMENT		-	-	4,068	1,235	2,235	2,235	11,273	1,334	21,413
Vote 8 - ROAD TRANSPORT		-	-	18,341	3	4	4	17,371	17,383	18,151
Vote 9 - ELECTRICITY SERVICES		-	-	86,123	96,301	96,301	96,301	111,761	119,196	131,374
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	281,166	259,000	268,923	268,923	314,722	314,412	351,103
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	16,045	16,241	17,933	17,933	20,972	22,344	23,880
Vote 2 - CORPORATE SERVICES		-	-	23,823	24,503	27,259	27,259	28,180	29,815	31,745
Vote 3 - BUDGET AND TREASURY		-	-	82,818	81,619	79,392	79,392	74,117	77,932	82,685
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	12,144	13,781	13,479	13,479	16,124	17,188	18,377
Vote 5 - PUBLIC SAFETY		-	-	17,168	16,973	16,364	16,364	18,362	19,568	20,941
Vote 6 - WAST MANAGEMENT		-	-	8,035	7,571	7,800	7,800	17,618	18,648	19,859
Vote 7 - PLANNING AND DEVELOPMENT		-	-	11,198	10,423	10,103	10,103	22,783	24,112	25,669
Vote 8 - ROAD TRANSPORT		-	-	8,430	12,397	11,961	11,961	12,412	13,219	14,126
Vote 9 - ELECTRICITY SERVICES		-	-	71,290	88,243	88,318	88,318	112,170	117,797	124,766
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	250,951	271,752	272,608	272,608	322,739	340,622	362,047
Surplus/(Deficit) for the year	2	-	-	30,215	(12,752)	(3,685)	(3,685)	(8,017)	(26,210)	(10,944)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	52,046	67,242	83,223	88,435	88,435	88,435	88,435	91,493	95,842	101,455
Property rates - penalties & collection charges		2,641	4,016	2,543	1,910						
Service charges - electricity revenue	2	73,141	79,489	86,011	95,711	95,711	95,711	95,711	107,388	112,542	119,182
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	12,147	10,158	9,241	10,074	13,957	13,957	13,957	14,738	15,446	16,357
Service charges - other		2,750	2,186	1,705	1,149	1,149	1,149	1,149	1,213	1,287	1,367
Rental of facilities and equipment		1,018	817	688	738	798	798	798	936	981	1,039
Interest earned - external investments		771	432	1,049	1,090	2,290	2,290	2,290	2,701	2,831	2,998
Interest earned - outstanding debtors		-	-	-	-	3,241	3,241	3,241	3,422	3,587	3,798
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1,457	389	1,263	201	1,133	1,133	1,133	1,197	1,270	1,348
Licences and permits		2,890	3,692	3,347	3,307	3,307	3,307	3,307	3,492	3,705	3,935
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		47,004	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Other revenue	2	228	3,443	5,442	2,710	4,201	4,201	4,201	4,346	3,248	3,441
Gains on disposal of PPE		22							10,000	-	20,000
Total Revenue (excluding capital transfers and contributions)		196,115	225,594	250,711	259,000	268,897	268,897	268,897	294,855	291,033	321,456
Expenditure By Type											
Employee related costs	2	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors		4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Debt impairment	3	1,428	13,228	12,763	15,000	13,000	13,000	13,000	13,000	13,624	14,428
Depreciation & asset impairment	2	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges		728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Bulk purchases	2	51,611	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Other materials	8	1,198									
Contracted services		21,584	24,130	16,765	15,953	23,253	23,253	23,253	24,599	25,782	27,302
Transfers and grants		2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	4, 5	52,174	50,972	24,891	27,448	20,608	20,608	20,608	37,761	39,592	41,927
Loss on disposal of PPE											
Total Expenditure		245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)		(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital		26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Taxation											
Surplus/(Deficit) after taxation		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R295 million in 2015/16 and escalates to R291 million by 2017/18. Revenue to be generated from property rates is 91 million in the 2015/16 financial year and increases to R101 million by 2017/18 which represents 32 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
2. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R123 million for the 2015/16 financial year and increasing to R129 million by 2016/17. This growth can mainly be attributed to the increase in the bulk prices of electricity.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
4. Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R107 million to R112 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.

5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		3,251	2,949	4,781	19,000	19,000	19,000	19,000	7,000	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	100	100	100	100	2,550	12,000	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		7,421	-	-	-	-	-	-	5,167	18,000	6,000
Vote 8 - ROAD TRANSPORT		-	-	-	40,517	35,789	35,789	35,789	16,600	24,879	22,647
Vote 9 - ELECTRICITY SERVICES		-	-	-	4,700	5,000	5,000	5,000	4,700	13,000	16,300
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	10,672	2,949	4,781	64,317	59,889	59,889	59,889	36,017	67,879	44,947
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	1,850	5,560	562
Vote 3 - BUDGET AND TREASURY		-	-	-	15	167	167	167	100	1,882	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	4,500	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	15	167	167	167	1,950	11,942	562
Total Capital Expenditure - Vote		10,672	2,949	4,781	64,332	60,057	60,057	60,057	37,967	79,821	45,509
Capital Expenditure - Standard											
Governance and administration		830	3,100	6,497	19,015	19,167	19,167	19,167	8,950	7,442	562
Executive and council		-	-	6,497	19,000	19,000	19,000	19,000	7,000	-	-
Budget and treasury office		500	1,100	-	-	-	-	-	100	1,882	-
Corporate services		330	2,000	-	15	167	167	167	1,850	5,560	562
Community and public safety		4,616	29,650	3,047	100	100	100	100	2,550	16,500	-
Community and social services		2,846	200	-	100	100	100	100	2,550	12,500	-
Sport and recreation		-	1,000	-	-	-	-	-	-	4,000	-
Public safety		770	7,250	-	-	-	-	-	-	-	-
Housing		1,000	21,200	3,047	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		51,570	43,241	31,147	40,517	35,789	35,789	35,789	21,767	42,879	28,647
Planning and development		2,025	128	-	-	-	-	-	5,167	18,000	6,000
Road transport		49,545	43,113	31,147	40,517	35,789	35,789	35,789	16,600	24,879	22,647
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		5,682	14,450	1,200	5,000	5,000	5,000	5,000	4,700	13,000	16,300
Electricity		5,382	14,300	1,200	5,000	5,000	5,000	5,000	4,700	13,000	16,300
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		300	150	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Funded by:											
National Government		15,927	19,320	16,198	21,545	21,545	21,545	21,545	19,867	23,379	29,647
Provincial Government		10,672	12,092	10,972	27,000	27,000	27,000	27,000	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,599	31,412	27,170	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		40,603	13,668	14,994	16,087	11,512	11,512	11,512	18,100	56,442	15,862
Total Capital Funding	7	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. This allocation escalates to R37 million in 2015/16 and then flattens out to R75million in 2016/17.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 15 MBRR Table A6 - Budgeted Financial Position

KZN433 Greater Kokstad - Table A6 Budgeted Financial Position

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS												
Current assets												
Cash			2,275	33	12	4,137	4,137	4,137	4,137	13,523	13,744	13,965
Call investment deposits	1		5,954	3,420	13,523	3,830	54,727	54,727	54,727	43,401	45,832	48,399
Consumer debtors	1		21,110	19,158	14,616	9,412	24,412	24,412	24,412	16,278	17,190	18,152
Other debtors						986	20,940	20,940	20,940			
Current portion of long-term receivables						-						
Inventory	2			377	314	486	486	486	486	405	634	863
Total current assets			29,339	22,989	28,465	18,851	104,702	104,702	104,702	73,607	77,400	81,379
Non current assets												
Long-term receivables												
Investments												
Investment property				22,161	22,801	22,161	22,801	22,801	22,801	22,801	22,801	22,801
Investment in Associate												
Property, plant and equipment	3		469,841	482,986	481,956	451,603	489,054	489,054	489,054	564,195	597,338	630,657
Agricultural												
Biological				1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Intangible				39	25	39	25	25	25	25	25	25
Other non-current assets				742	742	742	742	742	742	742	742	742
Total non current assets			469,841	507,160	506,755	475,777	513,854	513,854	513,854	588,995	622,138	655,457
TOTAL ASSETS			499,180	530,149	535,221	494,628	618,555	618,555	618,555	662,602	699,537	736,836
LIABILITIES												
Current liabilities												
Bank overdraft	1					-						
Borrowing	4		629	706	-	797	3,016	3,016	3,016	3,223	2,932	3,105
Consumer deposits						3,875	3,875	3,875	3,875	3,949	4,178	4,407
Trade and other payables	4		40,173	53,842	32,575	9,086	9,086	9,086	9,086	31,667	33,441	35,313
Provisions						5,791	5,791	5,791	5,791	4,379	4,608	4,837
Total current liabilities			40,802	54,548	32,575	19,549	21,768	21,768	21,768	43,219	45,158	47,662
Non current liabilities												
Borrowing			5,296	9,734	6,918	7,932	3,607	3,607	3,607	2,951	3,117	-
Provisions			12,734	14,099	15,998	14,099	14,099	14,099	14,099	15,998	15,998	15,998
Total non current liabilities			18,030	23,832	22,917	22,031	17,706	17,706	17,706	18,950	19,115	15,998
TOTAL LIABILITIES			58,832	78,380	55,492	41,581	39,474	39,474	39,474	62,168	64,274	63,660
NET ASSETS			440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
Reserves	4		-	-	-	-	-	-	-	-	-	-
Minorities' interests												
TOTAL COMMUNITY WEALTH/EQUITY			440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

KZN433 Greater Kokstad - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		54,687	71,259	83,702	86,001	99,246	99,246	99,246	82,344	86,169	91,254
Service charges		88,038	91,834	115,421	87,798	105,244	105,244	105,244	111,005	116,348	123,216
Other revenue		5,626	784	560	2,710	4,201	4,201	4,201	9,971	9,204	9,763
Government - operating	1	54,425	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Government - capital	1	19,178	29,166	31,996	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Interest		771	432	1,049	1,090	2,290	2,290	2,290	5,166	5,413	5,733
Dividends									-	-	-
Payments											
Suppliers and employees		(181,527)	(216,412)	(216,459)	(207,198)	(207,044)	(207,044)	(207,044)	(250,933)	(265,733)	(284,306)
Finance charges		(728)	(2,023)	(2,657)	(1,053)	(2,579)	(2,579)	(2,579)	(1,536)	(1,610)	(1,705)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,470	28,769	69,813	71,569	104,578	104,578	104,578	29,811	23,464	20,135
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		28,831	424	1	-				11,250	-	20,000
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets		(67,202)	(45,080)	(37,557)	(64,632)	(60,357)	(60,357)	(60,357)	(37,967)	(79,821)	(45,509)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(38,371)	(44,656)	(37,555)	(64,632)	(60,357)	(60,357)	(60,357)	(26,717)	(79,821)	(25,509)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			1,250						-	-	-
Borrowing long term/refinancing		1,843	6,514	(2,097)	584				-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(558)	(629)	(706)	(3,283)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,285	7,134	(2,803)	(2,699)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
NET INCREASE/ (DECREASE) IN CASH HELD		3,384	(8,753)	29,454	4,238	41,422	41,422	41,422	2,197	(56,847)	(5,894)
Cash/cash equivalents at the year begin:	2	4,845	8,228	(523)	28,931	13,523	13,523	13,523	54,727	56,924	77
Cash/cash equivalents at the year end:	2	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- The Final 2015/16 MTREF provide for a further net increase in cash of R13 million for the 2014/15 financial year resulting in an overall projected positive cash position of 20 million at year end.
- As part of the 2014/15 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
- The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
- Cash and cash equivalents totals R20 million as at the end of the 2014/15 financial year.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)
Other current investments > 90 days		1	3,978	(15,396)	(25,201)	3,919	3,919	3,919	0	59,499	68,181
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		8,229	3,454	13,535	7,967	58,864	58,864	58,864	56,924	59,576	62,363
Application of cash and investments											
Unspent conditional transfers		5,486	3,242	4,783	3,830	3,830	3,830	3,830	3,875	4,092	4,321
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	13,573	32,286	12,706	(3,730)	(39,403)	(39,403)	(39,403)	13,290	14,051	14,835
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		19,059	35,528	17,489	100	(35,573)	(35,573)	(35,573)	17,165	18,144	19,156
Surplus(shortfall)		(10,830)	(32,074)	(3,954)	7,867	94,436	94,436	94,436	39,759	41,432	43,207

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA

Table 18 MBRR Table A9 - Asset Management

KZN433 Greater Kokstad - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	7,615	4,899	7,337	19,115	19,267	19,267	600	1,698	674
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		3,451	2,949	7,337	19,100	19,100	19,100	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,164	1,950	-	15	167	167	600	1,698	674
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	45,217	40,789	40,789	36,767	72,479	44,947
Infrastructure - Road transport		-	-	-	40,517	35,789	35,789	22,617	33,879	28,647
Infrastructure - Electricity		-	-	-	4,700	5,000	5,000	5,800	14,100	16,300
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	45,217	40,789	40,789	28,417	47,979	44,947
Community		-	-	-	-	-	-	8,350	24,500	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	40,517	35,789	35,789	22,617	33,879	28,647
Infrastructure - Road transport		-	-	-	4,700	5,000	5,000	5,800	14,100	16,300
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	45,217	40,789	40,789	28,417	47,979	44,947
Community		3,451	2,949	7,337	19,100	19,100	19,100	8,350	24,500	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,164	1,950	-	15	167	167	600	1,698	674
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class										
	2	7,615	4,899	7,337	64,332	60,057	60,057	37,367	74,177	45,621
ASSET REGISTER SUMMARY - PPE (WDV)										
	5									
Infrastructure - Road transport		288,063	288,063	288,063	288,063	288,063	288,063	265,078	289,409	290,795
Infrastructure - Electricity		24,117	24,117	24,117	24,117	24,117	24,117	18,394	24,449	24,782
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		123,579	136,724	135,694	105,341	142,792	142,792	250,248	248,756	280,250
Infrastructure		435,759	448,904	447,873	417,521	454,972	454,972	533,720	562,614	595,827
Community		34,082	34,082	34,082	34,082	34,082	34,082	30,475	34,292	34,502
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	22,161	22,801	22,161	22,801	22,801	22,801	22,801	22,801
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Intangibles		-	39	25	39	25	25	25	25	25
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)										
	5	469,841	506,418	506,014	475,035	513,112	513,112	588,253	620,963	654,386
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		40,552	33,225	38,275	42,000	42,000	42,000	42,000	44,016	46,613
<u>Repairs and Maintenance by Asset Class</u>	3	2,003	3,586	3,177	7,235	7,661	7,661	11,650	12,218	12,935
Infrastructure - Road transport		-	-	697	3,500	3,247	3,247	3,247	3,403	3,604
Infrastructure - Electricity		-	-	784	1,798	1,798	1,798	4,681	4,905	5,195
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		2,003	3,586	-	-	50	50	55	58	61
Infrastructure		2,003	3,586	1,481	5,298	5,095	5,095	7,983	8,366	8,859
Community		-	-	875	1,042	1,271	1,271	2,378	2,501	2,644
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	821	895	1,295	1,295	1,290	1,352	1,432
TOTAL EXPENDITURE OTHER ITEMS										
		42,555	36,811	41,451	49,235	49,661	49,661	53,650	56,234	59,548

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Piped water inside yard (but not in dwelling)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Using public tap (at least min.service level)	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (at least min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (< min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No water supply		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Flush toilet (with septic tank)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemical toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pit toilet (ventilated)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (> min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (< min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No toilet provisions		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Refuse:										
Removed at least once a week		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
<i>Minimum Service Level and Above sub-total</i>		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump		806	806	774	776	776	776	775	775	775
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		806	806	774	776	776	776	775	775	775
Total number of households	5	187 806	10 286	9 739	9 305	9 305	9 305	9 740	10 269	10 801
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Refuse (removed at least once a week)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		574	1 584	2 033	2 296	2 296	2 296			
Refuse (removed once a week)		1 318	8 760	8 546	3 300	3 300	3 300	2 033	2 153	2 280
Total cost of FBS provided (minimum social package)		1 892	10 344	10 580	5 596	5 596	5 596	9 025	2 153	2 280
Highest level of free service provided										
Property rates (R value threshold)		40 000	40 000	3 510 423	40 000	40 000	40 000	3 707 006	3 925 720	4 157 337
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		151 500	193 750	169 450	169 450	169 450	169 450	169 450	179 448	190 035
Refuse (average litres per week)		493 132	722 029	20 334	713 520	713 520	713 520	20 334	21 534	22 804
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		40	3 626	712	3 699	3 699	3 699	752	796	843
Property rates (other exemptions, reductions and rebates)		11 684	20 028	1 186	7 972	7 972	7 972	1 253	1 326	1 405
Water										
Sanitation										
Electricity/other energy		574	1 585	2 033	2 296	2 296	2 296	2 033	2 153	2 280
Refuse		1 318	730	8 546	3 300	3 300	3 300	9 025	9 557	10 121
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other			395	386				407	432	457
Total revenue cost of free services provided (total social package)	6	13 616	26 364	12 863	17 267	17 267	17 267	13 470	14 264	15 106

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced by 2000 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 6000 households budgeted to be electrified in 2014/15.
 - b. Refuse services – backlog will be reduced by 21 000 households in 2014/15, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 90 000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 105 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R27 million in 2015/16, increasing to R31 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R27 million in free services in 2014/15, and it increases to R31 million in 2016/17. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2014. Key dates applicable to the process were:

- **August 2014**– Planning for the next three year budget begins in accordance with the coordination and preparation of the Budget/ IDP process plan.
- **November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2015** – Submission of report to Council on implementation of budget and financial status of municipality
- **20 January 2015** - Council approves the 2013/14 Mid-year Review s72 and Adjustments Budget;
- **February 2015** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2014/15 MTREF is revised accordingly;
- **March 2015** - Tabling in Council of the Final 2014/15 IDP, SDBIP and 2014/15 MTREF for public consultation. Submission of Final Budget to National, Provincial Treasury and Other Stakeholders (MFMA s22)
- **April 2015** – Public consultation and participation;
- **April 2015** – Closing date for written comments ,finalisation of the 2014/15 IDP, SDBIP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2015** - Tabling of the 2015/16 MTREF before Council for consideration.
- **June 2015** - Tabling of the 2015/16 MTREF before Council for approval.

IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2014. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The Final budget 2015/16 MTREF as tabled before Council on 30 March 2015 for community consultation will be published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 17 April to 28 April 2015, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 100 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional

initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth; and
- During the community consultation process large sections of the community made it clear that tariff increases this year was fair to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2014/15 MTREF compared to the final 2015/16 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2015, was factored into the proposed consumer tariffs, applicable from 1 July 2015. This resulted in an increase of 12,20 per cent;
- An amount of R360 million (R295 million on the Operating Budget and R37 million on the Capital Budget) was included over the medium-term for each of the financial years.
- The 2015 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

The municipality is committed to redressing and addressing the needs of the people and values inputs from our communities. During the November and December 2013, the Mayor and the Municipal Manager Offices held consultative forums and imbizo for the stakeholders and members of public in all six wards. Members of communities were required to provide their IDP needs and minutes were recorded for all those meetings. This was done to ensure that there was consultation

between the municipality and the communities with regard to their needs and service delivery. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

This section aims at providing a synopsis of the development issues arising from the situational analysis of Greater Kokstad Municipality in the form of a SWOT (Strengths, Weaknesses, Opportunities and Threats). For ease reference, the issues raised have been grouped under the 5 KPA's of the Five Year Local Government Strategic Agenda namely:

Basic Services Delivery and Infrastructure
Local Economic Development
Financial Viability and Financial Management
Municipal Transformation and Institutional Development
Good Governance and Community Participation
Spatial and Environmental Planning

1. STRENGTHS

Local Economic Development

- It is relatively close to major hubs (Pietermaritzburg and Port Shepstone) in the province
- Quality of agricultural attributes of soil types, climatic diversity and rainfall. High concentration of prime agricultural land in the hands of large commercial sugar cane farmers

- Labour forces
- Strategic location of Kokstad town
- Local Economic Development Strategy
- Historical and cultural sites
- Variety of business services available, e.g. from banks, business partners etc.
- Well established infrastructure with good transport network
- Various government sectors in Kokstad town
- Strong Functionally Chamber of Business
- Vacant land for development
- Social cohesion
- Dedicated housing section
- Availability of land for housing project
- C-MAX Prison

Financial Viability and Financial Management

- Finance Services Department in Place
- Experienced Chief Financial Officer
- Municipal work within its budget

Municipal Transformation and Institutional Development

- Corporate Services Department is in place
- Human resources Development Strategy is in place
- Experienced, qualified and dedicated municipal staff

Good Governance and Community Participation

- Good turnaround strategy
- Good political/administration relationships.
- Statutory governance structures in place.
- Functional ward committees.
- Good communication and community participation strategy
- Up and running Municipal Website

Spatial and Environmental Planning

- Rugged mountainous terrain
- Contrasting grassland
- Greater Kokstad Municipality is strategically located and accessible to all parts of the district.
- Existence of government extension services.
- Identified development urban areas.

2. WEAKNESSES

Basic Services Delivery and Infrastructure

- Limited growth in the manufacturing industry
- Bulk water supply is a major constraint that affects the municipality.
- 5.3% of the population still does not have access to clean water and obtain water from rivers and streams.
- Lack of upgrading and maintenance of infrastructure and services.
- Rural areas still rely on pit latrine or no toilet system at all.

- The urban areas have proper water borne sanitation systems, but rural areas still rely on pit latrines or no system at all. This places tremendous strain on the environment and
- Lack of comprehensive infrastructure and services plan.
- Lack of electricity to an extent that there are areas that still use paraffin and candle as a source of energy
- Storm water is not properly managed

Local Economic Development

- Insufficient water supply
- Lack of LED institution
- Low level of employment opportunities
- Local SMMEs are not geared to take advantage of emerging business and tender opportunities offered.
- Impediments to SMME development in Greater Kokstad Municipality include low levels of education and productive skills of access to finance, inadequate infrastructure, lack in effective demand and communication.
- Lack of Agricultural Development Plan.
- Limited growth in the manufacturing industry
- Lack of skills
- Industrial development is concentrated in Kokstad Town.

Financial Viability and Financial Management

- Lack of a comprehensive strategy for maximizing the income of the Council.
- The outstanding debt on rates and services owed to the Municipalities is still very high

Municipal Transformation and Institutional Development

- Lack of office space
- Lack of staff accommodation

Good Governance and Community Participation

- Implementation of communication and community participation strategy
- Ward Committees still do not have clear understanding on IDP processes.

Spatial and Environmental Planning

- Illegal occupation of land for informal settlement purposes.
- Mushrooming of informal settlements in flood line areas.
- Deterioration of urban areas
- No integration of environmental, land use and transport management system
- Growth and development is only focusing on primary node (Kokstad town) disadvantaged areas and areas of economic opportunity are neglected.
- Illegal small business operators that conducting business from home without permission are increasing. This has given rise to traffic and safety problems as these areas were not designed for such purposes.

3. OPPORTUNITIES

Basic Services Delivery and Infrastructure

- Existing railway lines/infrastructure.
- Infrastructure, Planning and Development Department in place
- Municipal Infrastructure Grant funding is available for the provision of services

Local Economic Development

- Young energetic human capital
- Tourism attractive
- Strong agricultural base and potential to developing agriculture to new high value product
- Desire for development
- Black Economic Empowerment
- Existence of a strong NGOs and CBOs
- Available of agricultural land

Financial Viability and Financial Management

- Implementation of MPRA
- Less grant dependency

Municipal Transformation and Institutional Development

- Construction of new offices.
- Agglomeration of various government sector department in one locality

Good Governance and Community Participation

- Ward Committees have been established
- Communication and Public Participation in place
- 2014 -2018 Comprehensive Municipal IDP document in place

Spatial and Environmental Planning

- Eco tourism development
- Urban greening
- Corridor development
- Urban expansion

4. TREATS

Basic Services Delivery and Infrastructure

- The occurrence of cholera and related diseases is as a result of the absence of potable water as well as the lack of sanitation
- Non-payment of services could reduce the willingness of services provider to extend and maintain services.
- Land invasion leading to uncontrolled settlement and impact on natural resources

Local Economic Development

- HIV/Aids which has a direct impact on the ability and the area to grow.
- Lack of Infrastructure and services maintenance
- Skills exodus

Financial Viability and Financial Management

- Poverty and Unemployment rate
- Non- payment of rates

Good Governance and Community Participation

- Low levels of participation by certain stakeholders in the IDP process.

Spatial and Environmental Planning

- Erosion and the degradation of field as a result of poor land management due to overgrazing and incorrect cultivation methods need to be addressed by means of control measures and efforts are needed to increase people's awareness of the advantages of good waste management practices.
- Erosion and Water pollution is a common problem in the area as the people use the rivers for all purposes including washing cars and clothes, animal feed, human consumption and other purposes
- Alien plants

Summary of Key Priority/Critical Issues

- In summary the key priority/critical issues that need urgent attention are follows:
- Eradication of the backlogs especially on water, sanitation and electricity;
- Dealing ahead with current conditions of roads and storm water;
- Upgrading the ageing infrastructure and services;
- Address the low to middle income backlogs;
- Creation of economic growth and job opportunities;
- Promote tourism development;
- Dealing with HIV/Aids pandemic;
- Urban regeneration strategy;
- Promotion of nodal development;
- Mainstreaming of gender equality into development programmes;
- Intensification of social services for children and youth;
- Skills development.

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National

Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

FINAL BUDGET PROCESS OVERVIEW

• Political Oversight of Budget Process

The concept of political oversight over the budget process is an important one and it is the key to ensuring that strategy informs the budget.

The political oversight role of the Mayor is contained in Section 53 (1) (a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that

the Mayor co-ordinates the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purposes of the budget.

The demands on the Municipality to address service delivery backlogs and to improve services delivery of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

- **Consultation Process**

The consultation process began with the tabling of the budget & IDP review process plan on August 2014.

The following processes will be undertaken to present the Final budget to the community:

1. Public meetings
2. Presentation of the budget to Business Community and other stakeholders
3. Placement of budget documentation at all Libraries and other municipal offices.
4. General distribution of budget documentation
5. Advertisement of Final budget in local newspapers and public meetings

The public meetings were finalised on 06 April 2015. The closing date for submissions was 22st April 2015.

BUDGET CONSULTATION MEETINGS

The council will hold the consultative meetings towards the final budget as follows:-

WARD	DATE	DAY	TIME	VENUE
1 2 5	17 April 2015	Friday	10h00 10h00 17h00	JJ Mhlongo & Qhingalendlela Maraikop Thuntulwana hall
2	19 April 2015	Sunday	10h00 10h00 13h00	Currah Rusnfontein New Market
3	20 April 2015	Monday	17h00	Supper room
2 8	21 April 2015	Tuesday	10h00 17h00	Swartberg & Franklin Thuntulwana hall
6	22 April 2015	Wednesday	10h00 13h00 17h00	Thuthuka ngele Pakkies hall Extension 7 hall

WARD	DATE	DAY	TIME	VENUE
All stakeholders 7	28 April 2015	Tuesday	07:30 10h00	Supper room Wansbeck and Kraansdraai
4	28 April 2015	Tuesday	13H00 17h00	Shayamoya hall Shayamoya sports field

Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder

expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

Focus of the review cycle

The Council adopted a turnaround strategy with the theme “***crossing the Rubicon to business unusual***”. to deal with the material issues raised by the office of the Auditor General in the previous years, with an intention of also improving internal controls as well as financial management systems, policies and procedures. The strategy has yielded a good result as the municipality obtained an unqualified audit opinion report for 2010/11, 2011/12 & 2012/13 financial years. Another major hindrance to success has been a lack of capacity and other internal challenges, and we are addressing this problem as a matter of urgency. The Council has already started the process of filling the strategic vacant positions.

Greater Kokstad Community Needs for 2015/16

Greater Kokstad Municipality communities were asked through IDP Road-shows and ward councillors to identify and prioritise ward community needs for their respective wards.

Key Project For The next 5 years

The key project for the next five years area:

- Building of Municipal Civic Centre Complex that will accommodate all the municipal staff and some of the national and provincial government departments.
- Development of significant retail development such as Mamisa and Pick and Pay
- Urban Regeneration Strategy
- Development of Comprehensive Infrastructure Plan
- Development of middle to high income housing
- Development of Shayamoya Precinct plan;
- Development of Franklin, Makhoba and Swartberg Nodal Development Framework Plan
- Development of Integrated Transport Plan

Implications for development

- In the economic core or urban areas of the Municipality there are bulk water supply constraints resulting in the town reaching the capacity of its available water resources. This

has cause an inability to run certain developments at full capacity (e.g. C-Max) and constrain on the ability to plan for and approve future development in the town. This has also lead to an over-exploitation of existing water sources (e.g. Mzintlava River).

- The railway line is not currently being used. Road transport is the only functional mode of transport in the area. This has resulted in roads being degraded thus, requiring frequent maintenance which has major financial implications. The railway line can be used to transport goods, agricultural products or people depending on consumer demand. Therefore more focus should be place on revitalization of railway line.
- The Greater Kokstad population is relatively young with 35, 87% of the population below the age of 39. This relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services in the foreseeable future. The segment of the population falling within the 15 – 69 groups would essentially be classified as the potentially economically active population of Greater Kokstad Municipality. This means that the municipality, sector departments and NGOs must direct their development plan in favour of youth. This data also means that there must be improved intake of social security grants especially the child support grants within the municipal area.
- The issue of high level of employment suggest that the Greater Kokstad Municipality should put more resources on economic development and poverty alleviation programme

Measuring Our Progress

Greater Kokstad Municipality set itself a clear and achievable targets and performance indicators with specific reference of the national KPAs. An overall organisation performance identifying the success or specific KPAs where targets are not being met are reported to the Municipal Manager to take remedial action in good time before the end of the financial year.

A19. Development of IDP Review

IDP Review for the Greater Kokstad Municipality has been developed 'in house'. This decision was taken to ensure that ownership of the process and product remains within the municipality. The services provider was only required for specialized task, such as the reviewing of the municipal Spatial Development Framework. The review of the Greater Kokstad Municipality was developed through a consultative, open and transparent process in which the broad public, stakeholders, officials and Councillors provide inputs into gaps and changing circumstances within their area of jurisdiction. During the completion of the Final IDP review, in line with the adopted IDP Process Plan, the consultative meetings were undertaken.

The Community Development Workers have been utilized as the vehicle to ensure effective interaction and communication between the municipality and its citizens around broader development issues including the IDP review

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Greater Kokstad Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, over Final and tax provisions as a percentage of funds and reserves. During the 2013/14 financial year the ratio deteriorated to a level 4, 5 per cent. As part of the planning guidelines that informed the compilation of the 2011/12 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2010/11 and 2014/15 the gearing ratio peaked at 0.0 per cent. This was primarily a result of the decreased borrowing levels and increasing funds and reserves.

Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.1 and as part of the financial planning strategy it has been decreased to 0.7 in the 2013/14 financial year.

Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Other Indicators

- The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 3 500 registered indigents have been provided for in the budget with this figured increasing to 5 000 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) .

This policy is mainly focused on providing financial assistance or support to indigent households in the form of subsidies for services charges -electricity and refuse removal. Its main objectives are to provide services in a sustainable manner within the financial means of the municipality; to provide procedures and guidelines for the subsidization of service charges using a portion of equitable share.

Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2013 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the

potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

Vehement Policy

The Vehement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The purpose of this policy is to provide directives relating to variances and to enable the accounting officer to amend budgets in the light of experience or to provide for anticipated changes.

Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years. The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 that in setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy)

Overview of budget assumptions

Headline inflation forecasts

On setting up increases on tariffs and increasing of budget expenditures, the National Treasury issued inflation forecast through MFMA circular No 74 and 75 for 2014/15 of 6.2% has been well considered and this resulted to all tariffs except electricity to be increased by 7,39%.

Revision of rates, tariffs, and other charges

As detailed on paragraph 1 above, when revising tariffs, rates and other charges, inflation forecast has been considered to ensure that all are proposed to increase not above 5,6%.

Further to the above, the labour and other input costs of services have been taken into account to ensure financial sustainability, local economic conditions and the affordability of services and also taken into consideration the municipality's indigent policy. The proposed rates, tariffs and other charges have been tried to be kept as low as practically possible.

Eskom bulk tariff increases

On announcement of Eskom bulk increases by NERSA, the municipality proposed increases on electricity tariffs is 12, 20% as guided by NERSA final approved tariffs will be subject to NERSA. These will be only tariffs to increase above 12, 20% and this is beyond municipality as electricity is purchased in bulk from Eskom.

Funding choices and management matters

Tough decisions on the expenditure side have been made by giving priority to ensure that service delivery is improved in all aspects as follows,

- Supports of meaningful local economic development initiatives that foster micro and small business opportunities and job creation.

- Day to day operations for provision of service delivery.
- That there is expediting spending on capital projects that are funded by conditional grant and council revenue.
- Supports of meaningful special programs for community groups.

The Municipal Budget and reporting Regulations

Since 1 July 2009, the budgets have been prepared as per requirements of the regulations. The municipality have complied with the formats set out in schedule A, B and C and the relevant attachments to each of the schedules.

MFMA Circular No. 74 and 75

Circular No. 74 and 75 has provided guidance on budget preparations on many aspects which on this current budget preparations, the inflation forecast for increases have been considered.

Circular No.75 provides further guidance to municipalities for the preparation of 2015/16 Budgets and Medium Term Revenue and Expenditure Framework. Main guidance provided is on outgoing councils need to ensure that the inputs into 2014/15 budget and MTREF safeguard the financial sustainability of the municipality. More specifically, the council is advised against unrealistically low tariff increases and over-ambitious capital expenditure programmes.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 86 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

Overview of budget funding

Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term

Revenue to be generated from property rates is R88 million in the 2014/15 financial year and increases to R97 million by 2016/17 which represents 33.9 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R106million for the 2014/15 financial year and increasing to R116 million by 2016/17. For the 2014/15 financial year services charges amount to 41 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R53million, R51 million and R46 million for each of the respective financial years of the MTREF, or 7, 7 and 6 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Figure 2 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R19 million in 2014/15, R37 in 2015/16 and R41 million in 2016/17.

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively increasing over the period 2014/15 to 2016/17 escalating from R7 million to R9 million. It is aimed that by 2014/15 this surplus would have been significantly increased to R8 million. The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 4 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9.4, 8.9 and 9.0 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 9 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 90, 95 and 74.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 80 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount

has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on 66.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

Contracts having future budgetary implications

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework		
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure	1			
Vote 1 - EXECUTIVE AND COUNCIL		7,000	-	-
Vote 2 - CORPORATE SERVICES		1,850	5,560	562
Vote 3 - BUDGET AND TREASURY		100	1,882	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		2,550	16,500	-
Vote 5 - PUBLIC SAFETY		-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		5,167	18,000	6,000
Vote 8 - ROAD TRANSPORT		16,600	24,879	22,647
Vote 9 - ELECTRICITY SERVICES		4,700	13,000	16,300
Vote 10 - [NAME OF VOTE 10]		-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-
<i>List entity summary if applicable</i>				
Total Capital Expenditure		37,967	79,821	45,509
Future operational costs by vote	2			
Vote 1 - EXECUTIVE AND COUNCIL				
Vote 2 - CORPORATE SERVICES				
Vote 3 - BUDGET AND TREASURY				
Vote 4 - COMMUNITY AND SOCIAL SERVICES				
Vote 5 - PUBLIC SAFETY				
Vote 6 - WAST MANAGEMENT				
Vote 7 - PLANNING AND DEVELOPMENT				
Vote 8 - ROAD TRANSPORT				
Vote 9 - ELECTRICITY SERVICES				
Vote 10 - [NAME OF VOTE 10]				
Vote 11 - [NAME OF VOTE 11]				
Vote 12 - [NAME OF VOTE 12]				
Vote 13 - [NAME OF VOTE 13]				
Vote 14 - [NAME OF VOTE 14]				
Vote 15 - [NAME OF VOTE 15]				
<i>List entity summary if applicable</i>				
Total future operational costs		-	-	-
Future revenue by source	3			
Property rates				
Property rates - penalties & collection charges				
Service charges - electricity revenue				
Service charges - water revenue				
Service charges - sanitation revenue				
Service charges - refuse revenue				
Service charges - other				
Rental of facilities and equipment				
<i>List other revenues sources if applicable</i>				
<i>List entity summary if applicable</i>				
Total future revenue		-	-	-
Net Financial Implications		37,967	79,821	45,509

In terms of the Municipality's Supply Chain Management Policy, there were contracts awarded beyond the medium-term revenue and expenditure framework (three years). List attached:-

Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets

KZN433 Greater Kokstad - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework		
					Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>	4								
LED Streetlighting		LED Streetlighting					3,000	6,000	6,000
kokstad Roads Phase 6		kokstad Roads Phase 6	1	1		4,601	6,000		
Shayamoya Taxi Route Phase 3		Shayamoya Taxi Route Phase 3				3,167	4,000		
Horseshoe Taxi Route Phase 3		Horseshoe Taxi Route Phase 3				1,793	3,700		
Rehabilitation of Shayamoya L/F Site		Rehabilitation of Shayamoya L/F Site				1,742	2,000		
New Lanfill Site Location		New Lanfill Site Location				652	3,167	3,000	3,000
Bhongweni / kokstad Youth Center		Bhongweni / kokstad Youth Center				4,000	7,000		
New Standby Quarters		New Standby Quarters				32	-	350	
Electrification New Market		Electrification New Market				2,700	700		
Office Furniture & Equipment		Office Furniture & Equipment				1,667	500	530	562
Commputer Equipment		Commputer Equipment					100	1,200	-
Plant & Equipment							600	1,000	
Retention Monies for Completed Projects		Retention Monies for Completed Projects				500	400	3,000	
Upgrade of Roads Ext. 7		Upgrade of Roads Ext. 7					2,500	3,000	
Bakkie / Truck							-	500	
10 Ton Roller		10 Ton Roller					-		
Homes 2010 electrification		Homes 2010 electrification					1,000		
Skyjack		Skyjack					750		
Community Hall Bhongweni Area 5/6		Community Hall Bhongweni Area 5/6					2,550	3,500	
Community Hall Shayamoya		Community Hall Shayamoya						3,500	
Community hall ward 2								2,500	
2.0 L Petrol Long wheel Base, rubberized bin liner with tow bar x 2								432	
R56 Housing Development		R56 Housing Development						15,000	
Community Hall Maraiskop		Community Hall Maraiskop						2,500	
Pothole Master TLB		Pothole Master TLB						1,500	
Kokstad Midblock Roads (SMME's)		Kokstad Midblock Roads (SMME's)						1,500	2,500
River View Sport Field Phase 3		River View Sport Field Phase 3						4,000	
Upgrade of Roads Bhongweni		Upgrade of Roads Bhongweni						8,000	5,000
Upgrading of Central Substation		Upgrading of Central Substation						1,500	
MV Cable upgrade		MV Cable upgrade						5,500	4,800
Increase in NMD from 22MVA to 25 MVA		Increase in NMD from 22MVA to 25 MVA						200	
2 X 4x4 Bakkies		2 X 4x4 Bakkies						900	
Pool Vehicles		Pool Vehicles					-	700	
FENCING BHONGWENI LIBRARY		FENCING BHONGWENI LIBRARY						500	
Slasher Mower		Slasher Mower					-	50	
Chairs for Hall		Chairs for Hall					-	50	
Purchase of Information software		Purchase of Information software					-	30	
Bhongweni Stadium- Stand		Bhongweni Stadium- Stand				3,410			
Shayamoya Eco- Complex		Shayamoya Eco- Complex				8,500			
Development of light industrial park		Development of light industrial park				10,500			
Small town rehabilitation		Small town rehabilitation				8,000			
Community Halls (SMME)		Community Halls (SMME)				60			
Greenest Municipality Awrd Grant		Greenest Municipality Awrd Grant				100			
Upgrading of Shayamoya Taxi Route Phase 2		Upgrading of Shayamoya Taxi Route Phase 2				1,500			
Upgrading of Horseshoe Taxi Route Phase 2		Upgrading of Horseshoe Taxi Route Phase 2				100			
kokstad Roads Phase 5		kokstad Roads Phase 5				4,733			
Electrification of Shayamoya Houses		Electrification of Shayamoya Houses				2,300			
Upgrading of Town Hall		Upgrading of Town Hall							
Upgrade of Roads Franklin		Upgrade of Roads Franklin						4,000	
Gravel Access Roads Rural Phase 3 (SMMEs)		Gravel Access Roads Rural Phase 3 (SMMEs)						2,879	7,647
Kokstad Midblock Roads (SMME's)		Kokstad Midblock Roads (SMME's)						2,500	2,500
Electrification of RDP Houses		Electrification of RDP Houses							5,000
Electrification of Rural houses (Currah farm)		Electrification of Rural houses (Currah farm)							500
Kokstad Roads Phase7		Kokstad Roads Phase7							3,000
Upgrade of Roads Bhongweni		Upgrade of Roads Bhongweni							5,000
Parent Capital expenditure	1					60,057	37,967	79,821	45,509

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department. Two additional interns will be appointed with effect from 1 April 2014.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a Final stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

6.2. SUMMARY OF AUDITOR'S GENERAL REPORT & AND RESPONSES AND ACTIONS

6.2.1. Annual Report for 2013/14 Financial Year

The Annual Report for 2013/14 financial year was developed and submitted to the Department of Cooperative Governance and Traditional Affairs as per the legislative requirements. It covers the Annual Financial Statements and Annual Performance Report. The 2013/14 Financial Statements were prepared in accordance with the IMFO standards. Greater Kokstad Municipal received an unqualified Opinion from the Auditor General for the 2013/14 financial year. Annual Report was tabled to Council on the 22nd of January 2015 and it was publicised for public comments.

6.2.2. Auditor-General Audit Opinion Report

The Municipality received qualified audit opinion from the Auditor General for 2011/2012 financial year and an unqualified audit opinion for 2012/13. The Municipality continued on an improved trajectory direction by maintaining an Unqualified Audit Opinion from Auditor general for 2013/14 financial year. This has been achieved by the formation of Clean Audit Committee dealing with matters raised in the Audit report and management letter respectively.

The following table indicates matters raised by AG and the concise, corrective steps which will be undertaken by GKM:

No.	Cycle affected	Nature	Audit Report Ref	Management letter Ref	Date of implementation	Responsible Official	Action
1.	Organizational	Going- concern There is significant pressure on the municipality's cash reserves and its current liabilities exceed its current assets by R 13, 22 million. These indicate the existence of material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern.	Par.8 Pg. 2		30 June 2015	MM CFO Management	The municipality is implementing strategies so as to improve the cash coverage or reserves. These include expenditure control as well as debt collection and revenue enhancement.
2.	Litigations	Significant Uncertainties The municipality is a defendant in various civil claims. The municipality is opposing the claims as it believes claims to have no substance. The ultimate outcome of these matters cannot presently be determined and no provision or liability that may result had been made in the financial statements.	Par.9 Pg. 2	Mg Letter Pg. 44	30 June 2015	MM EXMCS	All matters that meet the definition of a liability are sufficiently provided for as a provision. Matters with uncertainty are provided accordingly as contingent liabilities. Outstanding legal matters will be attended to and fast tracked to finality.
No.	Cycle affected	Nature	Audit Report Ref	Management letter Ref	Date of implementation	Responsible Official	Action
3.	Revenue	Material losses and impairments Material losses were incurred as a result of write-off of irrecoverable trade debtors.	Par. 10 Pg. 2		30 June 2015	CFO Manager : Revenue	The municipality will continue to be vigorous in collecting monies due by implementing the debt collection policy and thereby reduce the debtor's book.

		Material debt impairment of R 23, 01 million was incurred as result of the annual review of outstanding consumer debtors.	Par.11 Pg. 2		30 June 2015	CFO Manager : Revenue	Same as Par.10 above. Moreover, provision of impairment if a debtor is based on the collectability of the debt. Provision will decrease with the reduction in debtors book balance.
		Material electricity losses of R 3.24 million (4, 56 units) were incurred.	Par.12 Pg. 2		30 June 2015	EXM:IPD COID:Electrical CFO Manager : Revenue	Measures to increase monitoring losses on a periodic basis will be implemented. Like conducting a meter verification or meter audit.
4.	CAPITAL BUDGET SPENDING	Material underspending of capital budget As disclosed in statement of comparison of budget information with the actual information, the municipality has mentally has materially underspent their budget on capital expenditure to an amount of R20, 13 million. As consequence, the municipality has not achieved its planned targets for infrastructure planning and development objective as per the approved service delivery and budget implementation plan.	Par.13 Pg. 2		30 June 2015	MLED EXMIPD	The underspending on Capital budget is mainly due to the Industrial Park and Eco Park projects that are funded by Provincial Treasury and could not be completed by 30 June 2014. The industrial park is in progress and will be completed at the end of January 2015. The echo park is also in progress after the environmental matters that caused the delay were addressed, and is planned to be completed before the end of the financial year.
Legal and Regulatory requirements							
5.	Annual Financial Statements	Material misstatements of the cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Par.24 & 29 Page 4		30 November 2014	CFO AMB&R	The presentation of a cash flow and disclosures are correctly presented in the monthly management accounts; quarterly financial statements; and interim financials.

6.	Expenditure cycle	Suppliers not paid within 30 days	Par.25 Page 4	Mgt letter Pg. 27	30 November 2014	CFO Assistant Manager: Expenditure	Central point for receiving invoices was established to record; trace and ensure invoices are paid on time.
Other reports							
7.	Investigations	KwaZulu-Natal Provincial Treasury performed two investigations at the request of the municipality which covered 2012-13 and 2013-14 based on an irregular award to a service provider and an allegation of possible cash theft by municipal employees. These investigations are currently in progress.	Par.30 Page 4		30 June 2015	MM	The investigation is currently in progress; PT will table the report once it is finalized.

No.	Cycle affected	Nature	Audit Report Ref	Management letter Ref	Date of implementation	Responsible Official	Action
MANAGEMENT REPORT FINDINGS							
8.	Municipal Manager	Consultants were appointed even though the skills necessary to perform the duty were available.		Mgt letter Pg. 30	30 June 2015	MM CFO EXMs	Formalized procedures to assess the need, performance management and monitoring and the transfer of skills with regards to consultants appointed will be developed.
3	Property Plant and Equipment	Inadequate road infrastructure management processes		Mgt letter Pg. 30	30 November 2014	EXMIPD	2014/2015 maintenance plans have been formalized and are ready for implementation.
4	Performance management	Significant control deficiencies in performance reporting system Significant deficiencies were identified in the internal control system for collecting, collating, verifying and storing of performance information.		Mgt Letter Pg. 34	30 June 2015	MM Co-ord; IDP/OPMS	A performance management policy will be developed that encompasses the roles and responsibilities of persons involved in collecting, collation, validation and reporting on achievements. Standard operating procedures will ensure that processes are institutionalized
5	Performance management	AOPO – Financial plan in IDP did not include 3 year budget projection. In terms of section 26(h) of the Municipal Systems Act No. 32 of 2000 (MSA), an integrated development plan (IDP) must reflect a financial plan, which must include a budget projection for at least the next three years		Mgt Letter Pg. 36	28 May 2015	MM Co-ord; IDP/OPMS	Financial plan will consist of 3 year budget plan going forward. IDP checklist accordance with the IDP preparation guidelines to ensure all information is included will be formulated and signed as evidence. The Accounting officer shall review before IDP is approved.
6	Performance	SDBIP did not include monthly projections of operating and capital		Mgt Letter	28 February	MM	The matter shall be rectified in the mid-term

	management	expenditure by vote.		Pg. 37	2015	Co-ord; IDP/OPMS	review going forward
7	Performance management	<p>Planned targets per APR not consistent with planned targets per SDBIP</p> <p>Section 41(c) of the MSA requires that the service delivery budget implementation plan (SDBIP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents.</p> <p>It was noted that there are inconsistencies between planned targets per APR and planned targets as SDBIP.</p>		<p>Mgt Letter</p> <p>Pg. 38</p>	28 February 2014	<p>MM</p> <p>Co-ord; IDP/OPMS</p> <p>All EXM</p>	New revised reporting template where the HOD's will validate all reported information and documents will be formulated and implemented.
8	Performance management	<p>Planned and reported targets per APR not consistent</p> <p>Section 41(c) of the MSA requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 10% of the reported targets were not consistent with the planned targets in the APR. The inconsistency is due to inadequate review of the APR prior to submission for audit.</p>		<p>Mgt Letter</p> <p>Pg. 39</p>	28 February 2014	<p>MM</p> <p>Co-ord; IDP/OPMS</p>	New revised reporting template where the HOD's will validate all reported information and documents before submitting to the PMS Officer shall be implemented.
9	Property Plant and Equipment	<p>Fully amortised assets were still in use</p> <p>In terms of paragraph 102 of GRAP 31 on Intangible Assets, the amortisation period and amortisation method for an</p>		<p>Mgt Letter</p> <p>Pg. 40</p>	31 March 2015	<p>CFO</p> <p>Assistant manager: Budget and Reporting</p>	Useful lives of the intangible assets will be revised in 2014/2015 financial year.

		<p>intangible asset with a finite useful life shall be reviewed at each reporting date. If the expected useful life of the asset is different from the previous estimate the amortisation period shall be changed accordingly and accounted for in terms of GRAP 3.</p> <p>Assets that were fully amortised were found to be still in use. This was evidence that management's original estimate of useful life and estimated period of realising economic benefits or service potential were incorrect</p>					
10	IT systems	Service level agreements not signed off by the municipality and insufficient information included.		Mgt Letter Pg. 41	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	SLA's will be prepared and signed by 30 June 2015
11	IT systems	Service performance reviews for IT third parties engaged not performed		Mgt Letter Pg. 42	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	Scheduled quarterly meetings with IT third parties will be held as follows 12 March 2015 15 June 2015
12	IT systems	IT Security awareness forms not completed by interns		Mgt Letter Pg. 44	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	IT security awareness forms have been designed , approved and completed by the interns
13	IT systems	Access and logon violations not		Mgt Letter	30 June 2015	EXM:CS	A meeting is scheduled for 12 February

		monitored (Windows Active Directory, Munsoft and VIP) A lack of staff capacity to perform reviews of user access and logon violations logs was noted within the municipality.		Pg. 44		Acting Manager: Administration and Customer Care Services	2015 with contracts managed by IT at Municipal Offices to discuss the issues raised. The Service Provider advised the Municipality that the tool to do such task is not compatible with the current system, we require upgrade.
14	IT systems	Password settings configured not aligned to leading practices and IT Security Policy (Munsoft and VIP)		Mgt Letter Pg. 46	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	Practice of complexity password has been performed from 2013/2014 financial year up to date but ICT could not verify the actual settings for such matter, Munsoft has sent the screenshot of such settings as a proof and VIP couldn't attend the meet held since they requested the accommodation & transportation from Municipality to give details on how to align password settings configuration of IT Security Policy.
15	IT systems	Periodic reviews of user access rights not performed and administrator activities not monitored (Windows Active Directory, Munsoft and VIP)		Mgt Letter Pg. 47	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	The lack of staff (Systems Administrator) to perform such duties. ICT Technician has reserved time to perform these duties as from the 3 rd Quarter of 2014/2015 financial year.
16	IT systems	User id's not linked to a specific individual and high number of vendor accounts identified (Munsoft and VIP)		Mgt Letter Pg. 48	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	A meeting is scheduled for 12 February 2015 with contracts managed by IT has removed all the user id's not linked to a specific individual but VIP Personnel didn't attend.
17	IT systems	No documentation completed for changes of users access rights		Mgt Letter Pg. 49	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	User access change request forms was designed and implemented at the municipality as from March 2015.

18	IT systems	No Business Continuity Plan and Disaster Recovery Plan not approved		Mgt Letter Pg. 49	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	A proposal will be prepared and submitted to KZN Treasury for funding
19	IT systems	Backup Policies and Procedures in draft, backups not verified for successful completion and no restoration testing performed		Mgt Letter Pg. 49	30 June 2015	EXM:CS Acting Manager: Administration and Customer Care Services	A meeting scheduled with DataCentrix (ICT Managed Service) on the 12 February 2015 at municipal office has rectify the problem.

6.3. THREE (3) YEAR CAPITAL PROJECTS BY WARD

No	Project Name	Year 2015/16	Funding Source			Ward	Comment	Year 2016/17	Funding Source			Ward	Comment	Year 2017/18	Funding Source			Ward	Comment
		Estimate	MIG	GKM	Other			Estimate	MIG	GKM	Other			Estimate	MIG	GKM	Other		
1.	Horseshoe Taxi Route Ph. 2	R -	R -			1		R -	R -	R -		1		R -	R -	R -		1	
2.	Horseshoe Taxi Route Ph. 3	R 3 700 000	R 3 700 000	R -		1	Construction	R -	R -	R -		1		R -	R -	R -		1	
3.	Shayamoya Taxi Route Phase 2	R -	R -	R -		7 & 4		R -	R -	R -		7 & 4		R -	R -	R -		7 & 4	
4.	Shayamoya Taxi Route Phase 3	R 4 000 000	R 4 000 000	R -		7 & 4	Construction	R -	R -	R -		7 & 4			R -	R -		7 & 4	
5.	Kokstad Roads Phase 6	R 6 000 000	R 6 000 000	R -		3 & 5	Construction			R -		3 & 5				R -		3 & 5	
6.	Kokstad Midblock Roads (SMME's)	R -	R -	R -		3		R 4 000 000	R 2 500 000	R 1 500 000		3		R 5 000 000	R 2 500 000	R 2 500 000		3	
7.	Kokstad Roads Phase 5	R -	R -	R -		3 & 5		R -	R -	R -		3 & 5		R -	R -	R -		3 & 5	
8.	Retention Monies for completed projects	R 600 000	R -	R 600 000		All	Retention	R 3 000 000	R -	R 3 000 000		All		R 3 000 000	R -	R 3 000 000		All	
9.	New Landfill Site Location	R 3 290 000	R 3 290 000	R -		5	Construction	R 3 000 000	R -	R 3 000 000		5		R 6 000 000	R 3 000 000	R 3 000 000		5	
10.	Closure & Rehabilitation of Shayamoya L/F Site	R 2 000 000	R -	R 2 000 000		4	Construction	R -	R -	R -		4		R -	R -	R -		4	
11.	Gravel Access Roads Rural Phase 2 (SMMES)	R -	R -	R -		2 & 6				R -		2 & 6				R -		2 & 6	
12.	Sidewalks (SMMES)			R -		All		R -		R -		3		R -		R -		3	

13.	Sports Fields	R -		R -		1, 2 & 6		R -		R -		1, 2 & 6		R -		R -		1, 2 & 6	
14.	Public Transport Facilities (SMMES)	R -		R -		1,3,4,5,6,7,8		R -		R -		1,3,4,5,6,7,8		R -		R -		1,3,4,5,6,7,8	
15.	Traffic Study	R -		R -		3,4,&5		R -		R -		3,4,&5		R -		R -		3,4,&5	
16.	Kokstad Roads Phase7													R 10 000 000				3,4,&5	
17.	Bhongweni Stadium - Stand (SMMES)		R -	R -		5	Constructio n			R -		5				R -		5	
18.	Upgrade of Roads Bhongweni			R -		8		R 8 000 000	R 8 000 000	R -		5		R 5 000 000	R 5 000 000	R -		5	
19.	Upgrade of Roads Franklin	R -	R -	R -		5		R 4 000 000	R 4 000 000. 00	R -		5		R -	R -	R 2 000 000		5	
20.	Gravel Access Roads Rural Phase 3 (SMMES)	R -						R 3 069 000	R 3 069 000. 00	R -		2,6			R -	R -		2,6	
21.	River View Sport Field Phase 3 (Artificial Grassing)	R -						R 4 000 000	R 4 000 000			4		R -		R -		4	
22.	Small Town Programme: Main Street Upgrade																		
23.	Upgrade of Roads Extension 7	R 8 000 000	R -	R 8 000 000		2		R -	R -	R -		6		R -	R -	R -		6	

	Total1: to Capital Outlay	R 27 590 000.00	R 16 990 000.00	R 10 600 000.00				R 29 069 000.00	R 17 569 000.00	R 11 500 000.00				R 29 000 000.00	R 20 500 000.00	R 10 500 000.00			
--	---------------------------------	-----------------------	-----------------------	-----------------------	--	--	--	-----------------------	-----------------------	-----------------------	--	--	--	--------------------	-----------------------	-----------------------	--	--	--

MUNICIPAL CAPITAL PROJECTS FOR THE 2015/16 FISCAL YEAR

NO	PROJECT NAME	YEAR 2015/16	FUNDING SOURCE		WARD	COMMENT
		Estimate	MIG	GKM		
1.	Horseshoe Taxi Route Phase 3	R 3 700 000	R 3 700 000	R -	1	Construction
2.	Shayamoya Taxi Route Phase 3	R 4 000 000	R 4 000 000	R -	7 & 4	Construction
3.	Kokstad Roads Phase 6	R 6 000 000	R 6 000 000	R -	3 & 5	Construction
4.	New Landfill Site Location	R 3 290 000	R 3 290 000	R -	5	Construction
5.	Closure & Rehabilitation of Shayamoya L/F Site	R 2 000 000	R -	R 2 000 000	4	Construction
6.	Upgrade of Roads Extension 7	R 8 000 000	R -	R 8 000 000	2	
	Total	R 26 990 000	R 16 990 000.00	R 10 000 000.00		

TABLE69: SERVICE DELIVERY PLAN (CATALYTIC PROJECTS)

Name of the Municipality	Greater Kokstad Municipality	Project Type	A	Focused on the provision and maintenance of infrastructure with regards to
Project Name	Project Description	Location/Ward	Required funding	Proposed lead department
1. Upgrading of Hope Street	<p>Hope street is the portion of the R56 regional access road of the Municipality.</p> <p>This road requires an upgrading and provision of storm-water drainage and</p>	Town of Kokstad : Ward 3	R30m	1. KZN Department of Transport
2. Housing Renewal in Shayamoya	<p>Re-layout of the entire Shayamoya</p> <p>Area with an intention of providing internal access roads to all residential units and</p>	Ward 7	R100m	1. National Department of Human Settlement 2. KZN Department of Human Settlement 3. Sisonke District Municipality
3. R56 Kokstad Integrated and Sustainable Human Settlement	<p>Development of the off:</p> <ul style="list-style-type: none"> ✓ 200 Middle to High income ✓ 200 Affordable Units ✓ 200 Social Housing (Specific On “rent to buy” or just rental?). The importance of this component was emphasised ✓ 200 Subsidy Units – incl. ±50 Special Needs Government supported Units (Orphans and aged) and ±50 units for private managed care fully 	Ward 3	R16,8m	1. National Department Human Settlement 2. KZN Department of Human Settlement 3. Sisonke District Municipality

PHASE4	<ul style="list-style-type: none"> ✓ Soccer Fields ✓ Netball/ Basketball courts ✓ Ablution& Change room facilities ✓ Bulk earth works to create Terraces facilities ✓ Circulation pathways ✓ Overall and scraping ✓ Security fence ✓ External lighting ✓ External Signage ✓ External furniture 	Ward6	R21,4m	KZN Department of Sport and Recreation
1. Small Town Rehabilitation	Phase3:Provisionof Storm-water Drainage, Sidewalks, Urban Greening/landscaping, Parking, upgrading of taxi	Kokstad town: Ward3	R30m	KZN Department of Cooperative Governance and Traditional Affairs



Pictures of the upgrade Fleming Drive Road and Brownlee from gravel roads

SECTION G. – CHAPTER 7 – ANNUAL OPERATIONAL PLAN (SDBIP)

7.1. INTRODUCTION

The SDBIP is a key management, implementation, and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the Performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process. The biggest challenge is to develop meaningful non-financial service delivery targets and indicators, in addition to the budget indicators. However, this will remain a work in progress for the Municipality.

The development of the Service Delivery and Budget Implementation Plans (SDBIPs) is a requirement under the Municipal Finance Management Act (MFMA) and gives effect to the Municipality's Integrated Development Plan (IDP) and annual budget.

The SDBIP is an expression of the objectives of the Municipality, in quantifiable outcomes, that will be implemented by the administration for the municipal financial year. The SDBIP includes the service delivery targets and performance indicators for each quarter that should be linked to the performance agreements of senior management.

These are integral to the implementation and entrenchment of our performance management system. The SDBIP facilitates accountability and transparency of municipal administration and managers to the Council, and of Councillors to the community. It also fosters the management, implementation, and monitoring of the budget, the performance of top management, and the achievement of the strategic objectives as laid out in the IDP.

The SDBIP enables the Municipal Manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the Municipality, as each activity contains outputs, outcomes, and timeframes. The SDBIP is compiled on an annual basis, and is linked to the 5 year and 1 year organizational scorecards that are contained in the approved SDBIP. The SDBIP is yet another step forward to increasing the principle of democratic and accountable government at local level.

Development objectives are measured through key performance indicators at every level, and continuously monitored throughout the year. The SDBIP is in essence the management and implementation tool which sets in-year information such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the Municipality. It further indicates the responsibilities and outputs for each of the senior managers and the top management team, the resources to be used, and the deadlines set for the relevant activities.

7.2. REPORTING ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

Various reporting requirements are outlined in the MFMA, and both the mayor and the accounting officer have clear roles to play in preparing and presenting these reports. The SDBIP provides an excellent basis for generating the reports which the MFMA requires. The report then allows the Council to monitor the implementation of service delivery programs and initiatives across the Municipality.

7.2.1. MONTHLY REPORTING

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis. This reporting must be conducted by the accounting officer of a Municipality, no later than 10 working days after the end of each month.

Reporting must include the following:

- (i) Actual revenue, per source;
- (ii) Actual borrowings;
- (iii) Actual expenditure, per vote;
- (iv) Actual capital expenditure, per vote;
- (iv) The amount of any allocations received.

If necessary, explanation of the following must be included in the monthly reports:

- (a) Any material variances from the Municipality's projected revenue by source, and from the Municipality's expenditure projections per vote
- (b) Any material variances from the service delivery and budget implementation plan and;
- (c) Any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget

7.2.2. QUARTERLY REPORTING

Section 52 (d) of the MFMA compels the Mayor to submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality, within 30 days of the end of each quarter. The quarterly performance projections captured in the SDBIP form the basis for the Mayor's quarterly report.

7.2.3. MID-YEAR REPORTING

Section 72 (1) (a) of the MFMA outlines the requirements for mid-year reporting. The Accounting Officer is required, by the 25th January of each year, to assess the performance of the Municipality during the first half of the year, taking into account:

- (a) The monthly statements referred to in section 71 of the first half of the year

- (b) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- (c) The past year's annual report, and progress on resolving problems identified in the annual report; and,
- (d) The performance of every municipal entity under the sole or shared control of the Municipality, taking into account reports in terms of section 88 from any such entities.

Based on the outcomes of the mid-year budget and performance assessment report, an adjusted budget may be tabled if actual revenue or expenditure amounts are materially different from the projections contained in the budget or the SDBIP.

The SDBIP is also a living document, and may be modified based on the mid-year performance review. Thus the SDBIP remains a kind of contract that holds the Greater Kokstad Local Municipality accountable to the community.

The municipality's one year operational plan and targets in accordance to the IDP goals and objectives is attached as an annexure under SECTION I.

SECTION H. – CHAPTER 8 – ORGANISATIONAL & INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

8.1. PERFORMANCE MANAGEMENT SYSTEM

8.1.1. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

Performance information indicates how well a municipality is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management: including planning, budgeting, and implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling councillors, members of the public, and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

The municipality delivers services essential to the well-being and development of communities. In order to ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers where corrective action is required. Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that *what gets measured gets done*. If a municipality knows that its performance is being monitored, it is more likely to perform the required tasks- and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

This GKM Performance Management Framework includes the following components:

- Policy;
- Systems, Procedures and Templates.

Greater Kokstad Municipality (GKM) initiated a process of institutionalising a performance management system (PMS) in 2007, which has developed iteratively over the years. A PMS Policy with Systems and Procedures, including templates, was developed and adopted in 2009/2010 financial year following an OPMS Review.

In preparing this review various GKM performance system related documents have been utilised, its existing Policy document and various other municipalities PMS systems and

related documents. The Performance Management Made Simple: Local Government handbook has been central to this review and the PMS framework espoused including the policy, systems, procedures and templates.

- The IDP is the five year strategic plan for the municipality and the plan includes a 5-year strategic level municipal scorecard and an organizational 1-year strategic scorecard as annexures to it. The IDP is the Planning of the OPMS.
- Flowing from the IDP the annual budget and annual operational plan which is the SDBIP and comprises the Departmental Operational Scorecards: which comprise of annual and quarterly performance targets and projected budget per source.
- From the SDBIP/Departmental scorecards the Performance Agreements of Departmental Heads are compiled and the performance management system if escalated downwards continues to cascade from the Head of Departments Performance Agreement and departmental scorecard.

Figure 29: Key to the OPMS is that there are essentially two levels of scorecards:



The implementation of the performance management system is done through systems and procedures which include the following:

- An Annual OPMS Calendar;
- Structures and Role-definition as per the OPMS Process Plan; and
- Templates for reporting.

8.1.2. ORGANISATIONAL KEY PERFORMANCE INDICATORS LINKED DEPARTMENTAL INDICATORS

The following section of this IDP contains the following:

- Organisational Key Performance Indicators linked to departmental indicators;
- Departmental Indicators linked to outputs in the Performance Agreements;
- Outputs in the Performance Agreements linked to activities in the Operational Plans and Indicators

The IDP also ensured that the OPMS (Departmental and Individual Indicators) are seamlessly aligned with the uMzimkhulu Municipal goals, the associated Objectives and the Municipal Budget. This presented in the following tables.

Table 65: Organizational Key Performance Indicators (KPIs) linked to Departmental Indicators

KEY CHALLENGES	KEY PERFORMANCE INDICATORS	DEPARTMENTAL INDICATORS
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
1. Municipal financial constraints 2. Electronic Performance Management System 3. To effectively manage municipal fleet 4. Short of office space and conducive work environment 5. To achieve efficiency and & performance 6. Job evaluation task analysis	1. To improve skills capacity for the municipality to render effective services. 2. Optimise system, procedures and processes 3. Increase performance	1. Annually review and implement the Work Place Skills plan 2. Critical posts filled 3. People developed through the Human Resource Development Strategy 4. Top management positions filled by people from special focus groups 5. Employment equity Plan targets achieved 6. Uptime on Municipal Rapid Response 7. Community complaints resolved within the set norms and standards 8. Functional registry and records management system 9. Disciplinary policies and processes in place 10. Mechanisms to ensure adherence to the Leave Policy and Management of staff leave 11. Increase Performance and Performance Management System 12. Number of employees on

		Performance Management 13. Overall Organisation Performance Rating
BASIC SERVICE DELIVERY		
1. Aging basic infrastructure (water, sanitation, electricity Roads) 2. Limited land availability and middle income Housing 3. Backlogs in basic services 4. Lack of Construction Skills 5. Lack of adequate funding for the provision of bulk services;	1. To ensure provision of basic services to communities in a sustainable manner. 2. To ensure proper management and maintenance of the existing infrastructure. 3. Improve provision of Social Development Services 4. To grow Kokstad within its resources limits while 5. containing the negative consequences of development	1. Ensure that all qualifying people are included for the indigent subsidy 2. Close monitoring and collaboration with law enforcement on cable theft 3. Link with complaints management system to obtain regular updates 4. Exploration of energy efficient street lights 5. Pothole programme implemented 6. Grass cutting program implemented 7. Functional and responsive faults reporting centre – business hours 8. Functional and responsive faults reporting centre – after hours 9. Maintain and establish community facilities 10. Solid waste disposal (as opposed to refuse removal) 11. Response to land invasion / removal of squatters 12. % of operations and maintenance budget spent 13. % of operations and maintenance plan implemented according to schedule 14. % of capital budget actually spent on capital projects maintenance budget spent 15. % of Infrastructure in good state 16. Number of Mayoral projects co-ordinated 17. Number of road safety campaigns conducted 18. Number of community facilities in good state 19. Number of public facilities in good state 20. Facilitate the provision of

		<p>sustainable human settlements.</p> <p>21. Reduce the amount of waste brought into Kokstad and reuse waste through intelligent SCM and public awareness.</p> <p>22. Diversify and intensify all parts of town to create safe and mixed-use neighbourhoods</p>
--	--	---

LOCAL ECONOMIC & SOCIAL DEVELOPMENT

<p>1. High Rate of unemployment, poverty and low economic growth</p> <p>2. Underdeveloped manufacturing and agricultural sectors</p> <p>3. Low levels of literacy and skills development</p>	<p>1. Implementable LED strategies aligned to PGDS and DGDP</p> <p>2. LED Forum / partnerships established & functional</p> <p>3. Poverty Alleviation programme in place</p> <p>4. Reduce unemployment</p> <p>5. Implementable LED strategies aligned to PGDS and DGDP</p>	<p>1. Analysis of LED strategy and PGDS & DGDP undertaken</p> <p>2. Strategies identified</p> <p>3. Strategies implemented</p> <p>4. Identify key LED partners</p> <p>5. Establish LED Forum / partnership</p> <p>6. Develop calendar of meetings / events</p> <p>7. Develop programme from LED strategy</p> <p>8. Jobs created through EPWP, CWP and LED Initiatives</p>
--	--	---

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

<p>1. Financial stability</p> <p>2. Low Revenue base / financial resources</p> <p>3. Outstanding debt on rates and services owed to the municipality is high.</p> <p>4. Compliance with MFMA systems</p>	<p>1. To enhance revenue base and ensure financial viability and management</p> <p>2. To ensure that the organizations finances are managed sustainably</p>	<p>1. Review and implement the revenue enhancement strategy</p> <p>2. Ensure timeous, regular and accurate billing of accounts</p> <p>3. MTEF: Produce an annual update of the Municipal MTEF.</p> <p>4. Strengthen the functioning of the supply chain management unit</p> <p>5. Assurance provided by Internal Audit and Audit Committee</p> <p>6. Good financial governance and oversight</p> <p>7. Management of maladministration, fraud and corruption</p> <p>8. Monitor the implementation of the indigent subsidy</p> <p>9. Reduce municipal debt (strictly apply the debt collection policy)</p> <p>10. Ensure timeous disbursements of funds to all</p>
--	---	---

		creditors owed by the municipality 11. Regular review and updating of the Assets register
GOOD GOVERNANCE & PUBLIC PARTICIPATION		
1. Shortage of adequate facilities to address the problems experienced in various social aspects (Health, Education, Sport, Safety Security, Welfare)	<ol style="list-style-type: none"> 1. To develop a strong institution to support consultative and participatory local government 2. Strengthen inter-governmental relations systems 3. Improve customer Services and handling 	<ol style="list-style-type: none"> 1. Anti-fraud and corruption awareness campaigns conducted 2. Increase participatory during the development and review of the IDP 3. Ensure proper facilitation of Council, Committees and MPAC meetings 4. Develop, implement and review all relevant council policies and by-laws 5. Strengthen linkages with other departments and stakeholders 6. Implement the communication strategy 7. % of people on the customer satisfactory survey rating the Municipality above satisfactory on service delivery 8. Turnaround time in handling customer queries 9. Response turnaround time to internal and external correspondence
CROSS CUTTING INTERVENTIONS		
<ol style="list-style-type: none"> 1. Mushrooming of informal settlement 2. Disaster: Community is continuing affected by its impact and after-effects 3. Public representative and Councillors in particular need to be more accountable to communities. 	<ol style="list-style-type: none"> 1. To manage pressures on biodiversity and disaster management plan 2. To develop viable alternative energy generation options 3. To actively promote spatial concentration and co-ordination of development interventions 4. Integrated land Management & spatial Planning initiatives 5. Kokstad is lively and interesting with a wide range of economic and social choices and opportunities 	<ol style="list-style-type: none"> 1. Connect integrate and rehabilitate special places and natural corridors to create an intact, functional and flourishing natural system. 2. Annually review and implement the Disaster management plan 3. Reduce electricity use and supply vulnerability through increased efficiency and diversified and distributed supply 4. Diversify and intensify all parts of town to create complete neighbourhoods that are safe and mixed use, providing equal access to

		<p>opportunity</p> <ol style="list-style-type: none"> 5. Strength the establishment of a hierarchy of nodes wit clearly define functions & intervention per node 6. Integrate the physical structure of the town and connect and cluster appropriate amenities, services and economic hubs around a new public space systems 7. Ensure development is in accordance to LUMS, SDF 8. Increase the range mix and intensity of opportunity ,accommodation, services and amenities and entertainment
--	--	--

8.1.3. OUTPUTS IN THE PERFORMANCE AGREEMENTS LINKED TO ACTIVITIES IN THE OPERATIONAL PLANS AND INDICATORS

The municipality has performance agreements for its staff that are linked to operational plans and their indicators. The municipality uses these agreements and the appropriate indicators to measure whether the staffs meet their expected performance. The performance agreements are with the municipalities and can be availed should they be needed.

SECTION I. – CHAPTER 9 – ANNEXURES

1. Spatial Development Framework
2. Disaster Management Plan
3. Integrated Sustainable Development Plan (Kokstad 2040 plan)
4. GKM Economic Masterplan
5. Integrated Waste Management Plan
6. Service Delivery Budget And Implementation Plan (2015/16 SDBIP)